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## Southeast Asia Report

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19 February 1986

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BURMA

KAREN LEADER DENIES COUNTERFEITING CHARGE

Bangkok THE NATION in English 21 Jan 86 p 4

[Text] Dear Sir,

THE NATION, Thailand's English-language newspaper, Tuesday morning, December 10, 1985, under the heading "Burmese Notes Unacceptable" stated that the Burmese government early last month demonetized the high currency bank notes which were believed to have been widely counterfeited by the Karen rebels.

The Karen National Union (K.N.U.) hereby proclaims that rumours and accusations made by the Burmese government are groundless. As a matter of fact the K.N.U. government enforces law and order and takes drastic action against those who are found circulating the fake bank notes within Kawthoolei territories. It is the bounded duty of the K.N.U. to safeguard the interest of the people in all walks of life and to always refrain from any act which would jeopardize the interest of the innocent citizens.

Moreover, it is well known to the world that whenever there is an economic crisis, the one party Ne Win-San Yu government usually solves it by demonetizing the currencies. After a military coup in 1962, they tactfully robbed the people of approximately 500 million kyats by demonetizing the hundred kyat and fifty-kyat notes in May 1964.

Actually when the circulating currencies within the state are remarkably hoort and uncontrollable, instead of admitting their administrative inefficiency and incapability, they simply put all the blame on the K.N.U. and make false accusations.

Yours Truly,  
BATHIN,  
General Secretary,  
Karen National Union,  
Kawthoolei

/9317  
CSO: 4200/619

INDONESIA

MUHAMMADIYAH DEPLORES U.S. ECONOMIC SANCTION AGAINST LIBYA

Jakarta ANTARA NEWS BULLETIN in English 10 Jan 86 pp A4, A5

[Text] Jakarta, 10 Jan (ANTARA)--Deputy Chairman of Muhammadiyah Executive Board Lukman Harun has deplored the economic sanction applied by the United States against Libya in connection with the terrorist act committed by Palestinians at the airport of Rome recently.

In a press statement here Friday the head of the modern Islamic organization emphasized that though he did not justify the terror but the economic sanction against Libya constituted an American support to Israel that will have further effects among others it will make Libya more nearing to the Soviet Union.

Lukman Harun, who also chaired the Islamic Solidarity Committee, deplored the U.S. stance as to date only denouncing terrorism action committed by some of the Palestinian people. "Even the Palestinian Liberation Freedom fighters like those grouping in the Palestinian Liberation Organization (PLO) is also regarded as terrorists by the U.S.," he said.

The United States, according to him, should also denounce all of the terrorism action committed by the Israeli against the Palestinian and Lebanese people.

"But it is regretful that the United States always supports Israel in committing terror against the Palestinian and Lebanese people," he said.

He recalled on the series of terror conducted by the Israelis against the Palestinians which has deprived their rights, killed children and women and dispelled them from their home town forcing them to lead a hard life in deserts in various Arab countries.

The Middle East upheaval, according to him, could not be settled as long as the rights of Palestinian people could be restored and they could not have their own home land.

To realise the peace in the Middle East, the U.S. should change its stance by way of recognizing the rights of the Palestinian people to have their own home land, he concluded.

/9274  
CSO: 4200/622

INDONESIA

CHINA SUGGESTS ASIAN SATELLITE LAUNCHING SITE HERE

Jakarta ANTARA NEWS BULLETIN in English 14 Jan 86 p A1

[Text] Singapore, 13 Jan (ANTARA/Reuter)--A senior Chinese aerospace official suggested Monday that Asian countries should build a joint satellite-launching site for peaceful scientific use.

U Ke Li, a director in China's aerospace ministry, told reporters at an Asian aerospace exhibition in Singapore that Indonesia would be the best place for the launch site because it is near the Equator.

"It would be ideal if Indonesia, China, Singapore and other Asian countries team up in establishing such a facility to promote peaceful cooperation in space techniques," he said.

But he said the idea could be hindered as Peking and Jakarta have not resumed diplomatic ties, frozen 19 years ago.

"We can still approach the issue from a commercial point of view," he said, noting that direct trade links between the two countries were resumed last year.

"If Indonesia is open to dialogue, we are also totally acceptable," he added.

He estimated the cost of the site at U.S.\$800 million and suggested it could launch high and low orbit satellite vehicles for telecommunications and geo-physical use with Asian countries sharing the costs.

China has so far launched 17 satellites.

/9274  
CSO: 4200/623

INDONESIA

INDIA BUYS INDONESIAN CEMENT

Jakarta BUSINESS NEWS in English 10 Jan 86 p 11

[Text]

Following President Soehart's brief visit to India in November last year, when discussions with Prime Minister Rajiv Gandhi took place at the airport, active efforts are under way to expand and deepen commercial and economic relations between Indonesia and India.

The latest development is the signing of a contract for sale of 100,000 tons of cement by PT Indocement to the State Trading Corporation of India on Wednesday. P.K. Shunglu, Executive Director of STC arrived on January 6 to sign the contract.

This is seen as a major success for the Indonesian Company at a time when there is a sizeable surplus of cement in the world market. The deal represents a breakthrough in commercial relations not only between the two companies but between the two countries.

It is reliably learnt that the Indian Government, as an expression of its friendship for Indonesia, permitted STC to conclude this deal even though availability of cement in India is adequate at present.

STC is also buying considerable quantities of palm oil from Indonesia. Obviously, new possibilities are opening up for trade where a public sector trading house like STC on behalf of India and a few select dynamic companies from Indonesia have discovered potential for doing business with each other on a mutually beneficial basis.

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CSO: 4200/621

INDONESIA

ROK TO HELP BUILD OCCUPATIONAL TRAINING CENTER

Jakarta ANTARA NEWS BULLETIN in English 3 Jan 86 p A2

[Text] Banjarmasin, 3 Jan (ANTARA)--South Korea has promised to help build an occupational training center in Banjarbaru, South Kalimantan, an official here told ANTARA Friday.

South Korea will pay for all the costs of the construction of the training center except the landsite which will be provided by the South Kalimantan provincial government, Haji Syahrir, chief of the provincial planning board said.

He said the provincial government had now allocated Rp50 million for the purchase of about five hectares of land for the project.

According to plan, the construction of the center will be started this year.

The South Korean assistance will be in the form of a soft loan amounting to about Rp2 million.

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CSO: 4200/624

INDONESIA

AMBASSADOR TO PNG ON SOLUTION OF BORDER-CROSSER PROBLEM

Jakarta ANTARA NEWS BULLETIN in English 8 Jan 86 p A5

[Text] Jakarta, 8 Jan (ANTARA)--The number of Indonesian border crossers now in Papua New Guinea (PNG) is more or less 10,000, two-thirds of them women and children, Indonesian ambassador to PNG Imam Supomo disclosed here Wednesday.

Moments after conferring with President Soeharto at Jalan Cendana, Imam Supomo told waiting reporters that among the so many border crossers from Irian Jaya only one-third are men and most of them are old people.

"So actually they are only passive followers which makes it in my opinion appropriate to re-examine the agreed procedure for their repatriation to make it more practicable," Supomo said.

Up to now, according to the ambassador, 2,500 Indonesian border crossers had already been repatriated from the PNG to their original village communities in Irian Jaya, Indonesian province having a common border with PNG.

The new government in the PNG under Prime Minister Wingti, he said, is intend on resolving the border crossers problem with Indonesia on the basis of agreement already laid down in the past 'between the two countries' foreign ministers.

Indonesia, he went on, shares the PNG government's attitude and is hoping for more concrete steps on the side of the Wingti administration.

"Our attitude is clear, because the broader crossers are at present in PNG territory, we could only wait for more concrete steps by the government of the PNG," he added.

Imam Supomo, currently in Jakarta on the eve of a visit to Indonesia by the new PNG foreign minister under Premier Wingti, Wednesday saw the President to confer about the latest political situation in the PNG.

He indicated that both countries do want to enhance good relations between them.

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CSO: 4200/621

INDONESIA

MALAYSIAN AMBASSADOR BRIEFED ON INVESTMENT OPPORTUNITIES IN RIAU

Jakarta ANTARA NEWS BULLETIN in English 11 Jan 86 p A2

[Text] Pekanbaru, 10 Jan (ANTARA)--Malaysian Ambassador to Indonesia Haji Muhammad Khatib bin Abdul Hamid has admitted that Indonesia is strong competitor of Malaysia because of the many similar commodities and raw materials produced by the two neighbouring countries, but he added Indonesia has a wider area as well as abundant work-force.

Speaking at a meeting with local municipal officials and entrepreneurs here Thursday, the Malaysian Ambassador suggested to expand cooperation in marketing having been conducted on rubber and oilpalm seeds as a way to avoid unhealthy competition that will harm the two countries.

He cited as another example of such a competition that the two countries had agreed to share the industrial lines through which those made in Indonesia, will not be produced any more in Malaysia. Instead, it will serve as a buyer. "If Indonesia makes trucks, Malaysia will not follow suit, but will serve as a buyer," he said.

The Malaysian Ambassador also noted that Malaysian investors were eager to explore the possibility of expanding investment in Indonesia, particularly in the province of Riau which is located close to Malaysia.

During the meeting, the Ambassador has been briefed by Riau Governor Imam Munandar on various local development activities, who also offered investment opportunities in the region in line with the existing potential.

In agriculture, the governor offered his Malaysian counterpart to open plantations of such farm commodities as corn, pineapples, beans, Eugenia fruit, oilpalm and rubber, which all can be integrated with the processing plants.

In Fishery, he offered investments in setting up a large-scale shrimp breeding plant and a fishing undertaking in South China Sea. In mining, there are opportunities in the exploitation of such minerals as granite stone, quartz sand, ceramics, wood-waste, coal, kaolin and clay.

The Malaysian Ambassador in his visit to Riau Province since Thursday, has paid a call on the mayor of Pekanbaru, the University of Riau, and the University of Lancang Kuning. He is scheduled to return to Jakarta on Saturday.



INDONESIA

TUNISIAN MINISTER VISITS PT NURTANIO

Jakarta ANTARA NEWS BULLETIN in English 8 Jan 86 p A7

[Text] Jakarta, 8 Jan (ANTARA)--The visiting Tunisian Minister of Planning Ismail Khelil has expressed his deep impression with Indonesia's achievement in the field of technology as he had seen at the Indonesian aircraft industry PT Nurtanio in Bandung.

The Tunisian minister made the statement during a meeting with State Minister for Research and Technology Prof Dr B. J. Habibie here on Wednesday.

Minister Khelil and his party paid a call on Minister Habibie after making a tour of PT Nurtanio in Bandung on Tuesday..

Speaking to newsmen after the meeting, Minister Habibie said that his Tunisian guests also called for the establishment of cooperation ties in the field of technology between Indonesia and Tunisia.

According to Habibie, the Tunisian minister proposed a cooperation in the field of technology in order to develop a rock phosphate industry in Indonesia and to set up a furniture industry in Tunisia for European and African markets.

Indonesia has been importing rock phosphate fertilizer, raw material for soil fertilizer and hallogen gas worth U.S. dollars 35.67 million, while Indonesian export to Tunisia, consisting of plywood, coffee and tobacco only worth U.S. dollars 9.16 million.

Minister Habibie further said that his side would put the Tunisian minister's proposal for consideration.

During the meeting, Minister Habibie also briefed his guests on the current development of technology in the country, especially those related with aircraft manufacturing and shipbuilding.

During his seven-day stay in the country, the Tunisian minister also paid a courtesy call on President Soeharto and had meetings with Industry Minister Hartarto, Trade Minister Rachmat Saleh, Junior Minister for the Promotion of the Use of Domestic Products Ginandjar Kartasasmita and State Minister for National Development Plan/Chairman of the National Development Planning Board (Bappenas) Prof. Sumarlin.

INDONESIA

COOPERATION WITH NETHERLANDS ON TELECOMMUNICATIONS

Jakarta ANTARA NEWS BULLETIN in English 10 Jan 86 p A2

[Text] Jakarta, 9 Jan (ANTARA)--A cooperation agreement between the Directorate General of Post and Telecommunications and the Dutch Telegraaf en Telefoon (PTT) was signed Thursday between Director General of Post and Telecommunications S. Abdulrachman and the PTT Director General, C. Wit.

Since the Netherlands Consultancy for Post and Telecommunication (Nepostel) was founded in 1981, the Dutch Government has cooperated with the Indonesian counterpart in post and telecommunications development.

The cooperation will cover a technical aid through which the Nepostel is professional technicians will be dispatched to Indonesia and Indonesia technicians will get training in the Netherlands.

Since 1981, the two parties have held seminars every year to discuss post and telecommunications problems in Indonesia.

The PTT every year gives a training for three or four Indonesian technicians in the Netherlands for more than two months. This year the training will focus on frequency management and monitoring.

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CSO: 4200/624

INDONESIA

COMORAN FOREIGN MINISTER CALLS ON MOKHTAR

BK202526 Jakarta BERITA BUANA in Indonesian 28 Jan 86 pp 1, 8

[Text] Jakarta--Foreign Minister Mokhtar Kusumastmaja on Monday [27 January] received a courtesy call from the foreign minister of the Islamic Federal Republic of Comoros, Said Kafe, who arrived in Indonesia last Saturday.

The Comoran foreign minister, who had attended the 16th Islamic Conference Organization [ICO] ministerial meeting in Fes, is visiting several Asian countries to further promote relations and cooperation between his country and countries in this region.

Both Indonesia and Comoros are members of the Nonaligned Movement and the ICO. Comoros was the first African country to support Indonesia on the East Timor issue in the United Nations.

Indonesia has offered technical assistance to Comoros within the framework of technical cooperation among developing countries. Meanwhile, Comoros has expressed its readiness to buy rice from Indonesia.

Foreign Minister Said Kafe was accompanied by the deputy chief of the Logistics Board, Sukria Atmaja, during the courtesy call.

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CSO: 4213/90

INDONESIA

RESISTANCE FORCES REPORT ABRI BUILDUP IN EAST TIMOR

Melbourne THE AGE in English 14 Jan 86 p 8

[Article by Jill Jolliffe]

[Text] LISBON, 13 Jan. — Indonesia has stepped up military activity in East Timor, according to documents and photographs smuggled out by resistance forces.

The eastern zone has seen a military build-up since August 1983, when a ceasefire agreement between Indonesian officers and the Fretilin military commander broke down.

With the escalation has come an increase in civilian casualties and human rights violations.

Pictures of an Indonesian military convoy moving through the East Timor village of Uato Carabau last October are among the photographs to reach Lisbon.

They show Soviet-made PT-76 tanks — supplied to Indonesia during the Sukarno era — parading through the village as Timorese watch in the background. Tank crews salute from the turret while commandos of the elite Kopassandha regiment stand to attention by the roadside.

One picture, of imperfect quality, shows a 'Stalin Organ' multiple rocket launcher mounted on the back of a truck which is flying the Indonesian flag. According to notes accompanying the pictures, the convoy was departing on a "routine" military mission.

Uato Carabau, on the inaccessible south coast, has been the focus of recent military activity, according to reports from resistance sources as well as from non-Fretilin refugee sources in Lisbon.

Documents which reached Lisbon earlier this year described the build-up:

"In all of East Timor there are 18 battalions of the invading forces, ten of which are in the eastern sector. Matebian and Osseroa were again targets of enemy machineguns during early April . . . the former girls' college has been turned into a base, with tanks and cannons in position. Military columns . . . circulate on all sides, transporting munitions and personnel . . ."

A later report dated 28 October claimed that an extra battalion had arrived in East Timor on 30 September.

Written reports smuggled out by Fretilin and the content of their radio transmissions to Darwin draw a pattern of increased Indonesian casualties — usually a result of ambushes.

This has been accompanied by a heightened general level of military activity involving armored columns and renewed aerial and naval bombardment. Such bombing was used extensively in 1975-78 but had tailed off before 1983.

Last December, it was reported that Indonesian troops had suffered 16 casualties, most of them fatal, in a "well-planned" Fretilin ambush in the eastern zone on 20 November.

A joint delegation of East Timorese from the UDT party and Fretilin have obtained guarantees from three leading Portuguese presidential candidates that if elected they will not recognise Indonesia's annexation of East Timor, Fretilin leader Jose Ramos Horta said in Lisbon today.

The delegation was received by three of the four leading candidates last week, while the

fourth Ms Maria De Lourdes Pintasilgo — has a declared policy of supporting an act of self-determination in East Timor.

Under the Portuguese constitution, the President has special foreign policy-making powers on two issues — East Timor and Macao.

The presidential election campaign began officially this weekend, for a two-week countdown to voting on 26 January, when three left-wing candidates and one right-wing contender will compete to replace President Eanes, who must retire after serving two terms in office.

The latest reliable opinion poll, published by the leading weekly 'Expresso', gave Professor Freitas Do Amaral 42.5 per cent of the vote, ahead of Mario Soares with 21.5 per cent, followed by Ms Pintasilgo, 21 per cent, and Salgado Zenha, 15 per cent.

/13104

CSO: 4200/648

INDONESIA

SUBROTO SAYS COUNTRY PREPARED FOR WORST OIL PRICE DEVELOPMENT

Jakarta ANTARA NEWS BULLETIN in English 8 Jan 86 p A9

[Text] Jakarta, 8 Jan (ANTARA)--Indonesia has already been prepared to face any worst possibilities of oil price development in the world market, Minister of Mines and Energy Prof Subroto said here Wednesday.

Speaking to newsmen after having a meeting with President Soeharto at his Cendana mansion here, Subroto disclosed that President Soeharto has said in his speech before the plenary session of the House of Representatives that the 1986/97 draft budget was worked out on the basis of the prevailing oil prices.

Giving a gloomy picture on the world oil prices in 1986, Minister Subroto spoke on three estimations. The first, he said, the price is estimated to be stable, ranging from U.S. dollars 26 to U.S. dollars 27 per barrel. This first estimation has a chance of 25 percent to succeed, he said.

The second estimation, according to Subroto, is that the oil prices would be declining gradually by about one or two U.S. dollars per barrel. This estimation, he went on, will have a chance to succeed of about 50 per barrel.

The third estimation: the oil price will drop sharply, possibly because of market grabbing between OPEC and non-OPEC oil-producing countries. The probability for this estimation is 25 percent.

"If the non-OPEC producers could cooperate with the OPEC nations, most probably the second estimation would actually take place," Subroto said.

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INDONESIA

CITIBANK TO HELP PROMOTE NONOIL EXPORTS

Jakarta ANTARA NEWS BULLETIN in English 9 Jan 86 pp A5, A6

[Text] Jakarta, 8 Jan (ANTARA)---Citibank N.A. will expand more participation in business activities in Indonesia which it considers one of the countries significant for its development, deputy chairman of the Citibank office in Indonesia Philip M. Markert has said.

He told the press when introducing Robert D. Dailey, Citibank group executive for Asian-Pacific region here Wednesday.

Expressing his impression on Indonesia's development progress, Philip Markert said the Citibank would in the future take part in promoting the country's non-oil exports.

He said the Citibank with its 2,000 branches spread in nearly 100 countries, would help Indonesian exporters to more actively promote Indonesian goods on the overseas market, although at present the market condition is not so encouraging.

He nevertheless hoped the Indonesian Chamber of Commerce and Industry (Kadin) would be more active in explaining to foreign entrepreneurs on what activities they could embark upon in the context of boosting Indonesia's non-oil exports as well as in expanding investments in the country.

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CSO: 4200/622

INDONESIA

DROP IN VALUE OF NONOIL EXPORTS REPORTED

Jakarta ANTARA NEWS BULLETIN in English 14 Jan 86 p A2

[Text] Jakarta, 13 Jan (ANTARA)--The value of Indonesia's non-oil and non-gas exports in the January-November period of 1985 dropped by 2.03 percent, compared with the same period of 1984, according to data at Bank Indonesia.

The value of the non-oil and non-gas exports in 11 months of 1984 totalled U.S. \$5,241 million, while in the same period of 1985, it stood at U.S.\$4,134 million, down by around U.S.\$107 million or 2.03 percent.

Indonesia's export of wood products in this period reached U.S.\$930.07 million, making the largest share of the country's non-oil and non-gas exports. It was then followed by rubber export accounting for U.S.\$584.34 million, coffee export for U.S.\$430.20 million, handicraft export for U.S.\$460.33 million, tin export for U.S.\$207.56 million, and frozen shrimp export for U.S.\$162.73 million.

Most of the exports of the non-oil and non-gas commodities during the first 11 months of 1985 has suffered a drop, compared with the performance in the same period of 1984, except a slight increase in the exports of such commodities as palmoil, copra, fertilizers and cement.

The value of palmoil export in the 11-month period of 1984 stood at a total of U.S.\$58.57 million only, but in the corresponding period of 1985, the figures rose considerably to U.S.\$134.88 million.

Meanwhile, cement export increased from U.S.\$11.32 million to U.S.\$16.69 million, fertilizer export up from U.S.\$32.13 million to U.S.\$49.76 million.

Indonesia's non-oil and non-gas exports largely went to the United States, Japan, the European Economic Community, Middle East, South Korea, Singapore and Hong Kong.

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INDONESIA

JOINT VENTURES ARRANGEMENTS TO BE MADE WITH TUNISIA

Jakarta ANTARA NEWS BULLETIN in English 10 Jan 86 p A3

[Text] Jakarta, 10 Jan (ANTARA)--Indonesia and Tunisia have in principle agreed to conclude joint venture arrangements in the respective countries in the framework of encouraging South-South cooperation, Tunisian Minister for Planning Ismail Khelil stated Thursday at a luncheon with members of the Indonesian Executive Circle (IEC).

The Tunisian minister for planning is in Indonesia at the invitation of State Minister for National Development Planning concurrently Chairman of BAPPENAS (National Development Planning Agency) J. B. Sumarlin.

In preparation of the implementation of the joint venture arrangements discussions had been held between the Tunisian minister and the Middle East Committee of KADIN Indonesia (Indonesian chamber of commerce and industry).

In his lecture on the world economic situation and its impact on developing countries, Ismail Khelil said, the current world economic crisis has substantially influenced the developing countries' economy. Their main problems are their foreign debts and the availability of work opportunities.

The ways as advised by the IMF and similar bodies have always been (to increase) exports and a balanced budget. But the difficulty lies in the implementation, because the markets are generally in the advanced industrial countries which at present are carrying out protectionism.

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INDONESIA

KRAKATAU STEEL PRODUCTION UP

Jakarta ANTARA NEWS BULLETIN in English 8 Jan 86 p A8

[Text] Jakarta, 8 Jan (ANTARA)---Eight steel products manufactured by PT Krakatau Steel saw a sharp production increase in 1985 compared with the previous year.

Data obtained by ANTARA from the Ministry of Industries here Wednesday showed the highest increase among the eight products was that of concrete iron.

Concrete iron reached a production of 105,000 tons in 1985, while the 1984 production stood at 58,000 tons, an increase of 81 percent.

Sponge iron during 1985 reached the highest production during the last five years, vis. 1,060,000 tons, which was above the projected target of one million tons.

Sales

In 1985, 150,000 tons of wire was sold or an increase of 97 percent above the 1984 sales.

Increase in production as well as in sales had been made possible through PT Krakatau Steel's success in entering several export markets in 1985, among others the countries of ASEAN, the People's Republic of China, Japan, West Europe and the U.S.

Exports of these countries recorded a volume of 116,000 tons worth U.S.\$30 million and exports for 1986 are scheduled to be stepped up to U.S.\$50 million.

Steel production of PT Krakatau Steel in 1985 consisted among others of iron sponge (1,060,000 tons); steel slabs (391,000 tons); hot rolled coils (360,000 tons); steel billets (402,000 tons); iron wire (173,000 tons); skeleton steel (105,000 tons) and several other products.

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CSO: 4200/622

INDONESIA

# MINISTER ON USE OF UNDISBURSED FUNDS FOR UNFINISHED PROJECTS

Jakarta ANTARA NEWS BULLETIN in English 9 Jan 86 pp A8, A9

[Text] Jakarta, 9 Jan (ANTARA)--The State Minister for National Development Planning, J. B. Sumarlin, Thursday said that the amount of the undisbursed budget in the 1984/1985 and 1985/1986 fiscal years will likely reach as much as Rp 2.5 trillion.

He said about Rp 1.7 trillion of the undisbursed budget will be used to finance theyet unfinished projects that will be put on the 1986/1987 list of Proposed Project (DIP).

Speaking to the press after accompanying the visiting Tunisian Minister Ismail Khelil calling on President Soeharto Minister Sumarlin pointed out that the unfinished projects to be completed in the 1986/1987 fiscal year will still be selected to promote the equal distribution program of development and provision of job opportunities.

Up to next March there may be about 6,000 unfinished projects from all sectors, he said adding that in every fiscal year there are averagely 5,000 projects from the List of Proposed Projects to be carried out, 30 percent of the budget of which usually becomes undisbursed.

Sumarlin said obstacles in land clearings, inability of project officers and delay in the arrival of the Operation Manual (PO) to the project had attributed to the cause of the undisbursed budget.

"From now on there must be no delay in the delivery of PO because with a new system the DIP and PO will realdy be in the hand of the project officers before March 31," Minister Sumarlin affirmed.

With regard to that Minister Sumarlin expected that there will likely be less than 5,000 DIP projects to be carried out beginning this 1986/1987 fiscal year.

He added the projects may not be carried out without PO.

## No New Projects

In accordance with the draft national budget 1986/1987 the government plans to make no new projects so that the fund for them may be used to complete the unfinished projects.

The undisbursed budget for seminar, meetings and such will also be selectively used, the minister said.

Minister Sumarlin firmly requested that the ministries and other government bodies seriously carry out their proposed projects or drop their proposed projects.

With the new system Minister Sumarlin said contractors will have certainty in the execution of works and in receiving the annual project payment.

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INDONESIA

DOMESTIC, FOREIGN INVESTMENTS IN 1985 DESCRIBED

Jakarta ANTARA NEWS BULLETIN in English 10 Jan 86 pp A6, A7

[Text] Jakarta, 9 Jan (ANTARA)--The Capital Investment Coordinating Board (BKPM) during 1985 has approved some 248 new projects of domestic capital investments worth a total of Rp. 2,293.2 billion, up considerably, compared with 150 projects worth Rp.1,426.9 billion the previous year, the BKPM chairman, Ginanjar Kartasasmita disclosed Thursday.

Meanwhile, for new investments under foreign capital, the year 1985 recorded a total of 50 projects, or up from 24 projects in the previous year, but the investment value dropped from U.S.\$8,571.1 million in 1984 to U.S. \$698.7 million in 1985, said the BKPM chairman to the press following his report to President Soeharto at the Presidential Bina Graha office.

He pointed out further that the project-expansion under domestic capital in 1985 totalled 97 projects worth Rp.1,456.5 billion of investments, up compared with those of the previous year that stood at a total of 72 projects worth Rp.673 billion.

He added that the project-expansion under foreign capital in 1985 stood at a total of 31 projects worth U.S.\$160.3 million, or down from those of 1984 that totalled 37 projects worth U.S.\$250 million.

"We can draw a conclusion from these data that the confidence in Indonesian economy as well as the business climate is fairly good, in particular, in the current recession condition," said the BKPM chairman.

The investment performance has dismissed the general opinion that "if the government reduces its development activities, the investment movement will surely be hampered."

The investment recorded by the BKPM has not yet included those in the field of oil as made by foreign oil contractors.

Among these projects approved in 1985, Ginanjar Kartasasmita said there were 33 projects designed 100 percent for exports.

The BKPM chairman said further that President Soeharto, after listening to his report, hoped the investment promotion should continuously be expanded

because the drop in investments in the government sector should be compensated with an increase in investments in the private sector, so the highest growth could be attained and the employment could be expanded.

The head of state also asked the BKPM chairman to review the arrangement of the investment Scale Priority Lists (DSP) by providing more relaxation to investors and observing the availability providing more relaxation to investors and observing the available capacity so as to avoid over-licensing.

"The sectors having opportunities to flourish must be expanded further and the sectors which in the past were not open to both foreign and domestic capital investments or the non-facility sectors must be reviewed. The non-facility are probably in need of facilities. The small scale industries must be given facilities, because it is them which badly need such facilities," the BKPM chairman quoted President Soeharto as saying.

"So the priority will later not in terms of big or small but of the extent it can absorb employment and whether the industry needs facilities or not for flourishing," said Ginandjar Kartasasmita. [as published]

#### 640 Projects Revoked

Ginandjar Kartasasmita also revealed that 711 domestic and foreign capital projects, or accounting for 17 percent of the overall approved investments, had been withdrawn by the investors concerned because they turned out to be unviable.

The unviable and cancelled projects consisted of 640 projects under domestic capital worth a total investment of Rp.584,176 million and 71 projects under foreign capital worth a total investment of U.S.\$404.18 million.

The new projects approved by the BKPM in 1985 largely dealt with metal industries totalling 31 companies, followed by 27 engaged in chemical processing, 19 fishery industries especially on shrimp-processing, and 18 small-scale food industries.

Most of the projects were located in West Java, traced by Jakarta and East Java.

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INDONESIA

EDITORIAL VIEWS REPAYMENT OF FOREIGN DEBTS IN 1986-1987

Jakarta BUSINESS NEWS in English 10 Jan 86 p 2

[Editorial: "The Foreign Debts"]

[Text]

Besides showing the first decrease in 17 years, the Draft State Budget (RAPBN) for 1986/87 also for the first time indicates bigger figures for interest/foreign debt instalments than those for foreign aid. According to RAPBN-1986/87, interest/foreign debt servicing is put at Rp 4,183.2 billion, while foreign aid or development revenue amounts to Rp 3,589.1 billion.

This condition implies that the foreign aid to be received during fiscal 1986/87 will not be sufficient to settle interest and debt payments for the period under review. What does this mean?

At a glimpse, such a picture seems completely irrational, as if the government by receiving the new foreign loans would just "rob Peter to pay Paul", and even so it will not suffice.

But if we view the problem merely as a "snapshot" in a trend, the picture we get will not be so ugly. What happens is that, in the past and for the coming years the government has borrowed and will continue to borrow from other countries for development financing, and the loans have to be paid by instalments and interest also to be settled. However, for fiscal 1986/87 the debts whose grace periods -- for instalments and/or for interest -- have already expired involve such a big sum that the total of instalments and interest payments will exceed the total of new borrowings to be sought by the government.

The most important thing in this context is the composition of foreign debts, viz. the portion

accompanied by soft terms and the portion subject to commercial terms. In this case the explanation of Governor of Bank Indonesia Dr. Arifin Siregar, that 80% of foreign debts comprise soft loans and only 20% are made up of commercial loans, constitutes an important guideline. It means that in receiving foreign loans in the past years the government already adopted a fairly cautious policy to reduce commercial debts.

However, at the present time -- despite the cautious policy on foreign debts -- the grace periods of the soft loans have mostly expired. That is why for 1986/87 debt instalments and interest payments will go beyond new borrowings.

If such is the case, it seems that the situation is already structural in nature, which means that for the years ahead the instalments and interest to be paid for the foreign debts will keep on increasing. This implies that the bigger instalment and interest payments in the coming years will have to be taken as an inevitable fact. The basic question that must be raised in this connection is : have we utilised the debts in a productive way in the past, or have we squandered them away for consumption and corruption ?

Under such circumstances it is thus of no use to try to make the net flow of government loan funds again positive by way of borrowing a lot more. This measure will just mean an extra burden of foreign debt instalments and interest for the future. In this conjunction the big net outflow from government funds -- resulting from the limited amount of new loans --- can thus become a good sign. In this condition the government should indeed restrict new loans to absolute needs only, while taking into account the budget capacity to pay future instalments and interest. The necessity to exercise restraint become increasingly absolute, in line with the restriction in starting new projects and even the cancellation of projects already tendered as stated by the Minister/Chairman of the National Development Planning Board (Bappenas).

In previous years the government could only use a small part of foreign aid already obtained from donor countries/institutes affiliated with IGGI. For the coming fiscal 1986/87 it will have



to be proved how much of the amount of foreign loans later available can really be spent by the government. If the capacity to absorb the loan funds remains limited, then for fiscal 1987/88 foreign loans should better be further reduced. The consequence is naturally that the amount spent on foreign debt instalments and interest will get even bigger than new loans.

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INDONESIA

TRANSMIGRATION MINISTER SPEAKS ABOUT BUDGET CUT, GOAL

Jakarta ANTARA NEWS BULLETIN in English 11 Jan 86 pp A7, A8

[Text] Jakarta, 10 Jan (ANTARA)--Indonesia's ministry of transmigration has dealt with 818 cases of deviation involving Rp.3.25 billion worth of fund in 1985.

Minister of Transmigration Martono in an interview with ANTARA here Friday said as many as 30 officials and employees of the ministry had been imposed sanctions upon the matter, and as many as 14 contractors and suppliers had been wiped out from the list of partners of the ministry.

He said cooperation between the ministry of transmigration and government inspectors had so far gone very well, and in the year the ministry of transmigration had also succeeded in mapping out a new working cooperation system with other government bodies involved in transmigration.

Up to December 1985 as many as 675,018 people had been resettled in transmigration sites, and until March 31, 1986 as many as 36,000 families will have to be resettled to meet the target of 260,000 families set for the fiscal year.

Minister Martono disagreed upon proposal that the transmigration ministry sets no target in carrying out its transmigration program. "The target is necessary for motivating the employees," he argued.

The ministry of transmigration will receive Rp.325 billion from the draft national budget 1986/1987, about 25 percent lower than the current budget.

With regard to this Minister Martono said the ministry will carry out efficiency and effectivity programs such as limiting recruitments and reviewing the current projects. "It will likely be no tenders of projects in the year," he added.

Minister Martono stressed that with the lower budget the ministry will never lose its guidance on transmigrants. Beginning from April 1, 1986, the ministry will hand over its guidance task on transmigrants to the ministry of home affairs after it is sure that the transmigrants have been settled in their new settlement.

Upon criticism from the vice-governor of Irian Jaya that some transmigration project officers have so far used their time for merely travelling Minister Martono referred to the Presidential Decree No 59, 1984 which regulates that governor and vice-governor are authorized to take actions against them. He said the governor and vice-governor are the hands of the minister of transmigration in the regions.

Minister Martono said his side is at present studying some measures to re-order transmigration in Irian Jaya.

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CSO: 4200/623

INDONESIA

IPTN SIGNS MEMORANDUM ON PASSENGER AIRCRAFT MANUFACTURE

Jakarta ANTARA NEWS BULLETIN in English 13 Jan 86 p A5

[Text] Jakarta, 12 Jan (ANTARA)--Indonesia's aircraft industry Sunday reached another milestone when PT IPTN in Bandung and two world aircraft builders, viz. Messerschmitt-Bolkow-Blohm of West Germany and Boeing Commercial Airplane Company of the United States, signed a Memorandum of Understanding at the BPPT (Agency for Assessment and Application of Technology) building here.

The accord was for the building of aircraft with 85 to 120 seats.

Signing the document for Indonesia was State Minister for Research and Technology concurrently BPPT chairman in his capacity as IPTN president director Dr B. J. Habibie, and MPP President Director Dr Hanns Arnt Vogels and Vernon Castle of Boeing represented the two foreign companies.

Habibie said prior to the signing of the document that the preparedness of the two giant aircraft manufacturers for cooperating with IPTN which is not very well known in Southwest Asia, reflected their confidence in the achievements of IPTN since it was founded on April 15, 1976.

The manufacture of aircrafts which fly as fast as other jets but consuming 30% less fuel, is hopefully to be realized from 1992 to 1995, and will be started with the building of aircraft for 85 passengers.

Habibie said the two sides had conducted feasibility studies six months ago.

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INDONESIA

PADANG CEMENT PLANT'S EXPORTS UP

Jakarta ANTARA NEWS BULLETIN in English 13 Jan 86 p A1

[Text] Padang, 12 Jan (ANTARA)--Exports of Padang cement in 1985 stood at 212,710 tons, twice rise from the previous year's 108,800 tons.

This cement production was exported to Bangladesh and Hong Kong even to the People's Republic of China through Hong Kong, a spokesman of PT Semen Padang Dr. Radjalis Kamil said.

The domestic supply of this cement production last year was 1,004,184 tons.

An increase of 103,910 tons of cement export had pushed up the sales of P.T. Semen Padang's production in 1985 to 1,216,894 tons or over 1,331 tons of the previous [year's] 1,215,563 tons.

Last year PT Semen Padang produced 1,234,057 tons of cement compared to 1,213,543 tons in 1984.

Although the installed capacity of the PT Semen Padang first plant is 1,530,000 tons a year, namely Indarung I plant 330,000 tons and Indarung II and III/A 600,000 tons, the production is adjusted to the demand of the markets both within and abroad, Rajali said.

Last year PT Semen Padang also supplied 87,192 tons of clinker to PT Semen Gresik and PT Semen Nusantara.

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INDONESIA

INVESTMENT BOARD PUBLISHES FOREIGN INVESTMENT STATISTICS

Jakarta ANTARA NEWS BULLETIN in English 14 Jan 86 pp A1, A2

[Text] Jakarta, 13 Jan (ANTARA)--Japan, since the foreign investment law went into effect in 1977 till the end of 1985, remains the biggest investor in Indonesia followed by Hong Kong and the United States, according to the Investment Coordinating Board (BKPM) here Monday.

The board disclosed further that Japan's investments from 1967 till the end of 1985 involved 218 projects with a total value of U.S.\$4.980 million, while Hong Kong has 121 projects worth U.S.\$1,921 million and the United States 90 projects estimated at U.S.\$1,143 million.

The West European country with the biggest investments in Indonesia during said period is the Netherlands, followed by Britain, West Germany, Switzerland, France, Belgium and Denmark.

The Netherlands is involved in 49 projects worth U.S.\$685.29 million, the UK U.S.\$663.93 million in 54 projects, West Germany U.S.\$485.26 million in 29 projects, Switzerland U.S.\$202.44 million in 16 projects, France U.S.\$164.18 million in 16 projects, Belgium U.S.\$88.84 million in 13 projects and Denmark U.S.\$72.50 million in five projects.

Data at the investment board also revealed that Malaysia has in the same period the biggest Asean investor in Indonesia with 10 projects worth U.S.\$436.17 million, followed by Singapore U.S.\$208.27 million in 27 projects, Thailand U.S.\$17.87 million in six projects and the Philippines U.S.\$15.55 million also in six projects.

The total foreign investments in Indonesia during said period amount to U.S.\$15.266 million in 788 projects.

The most popular sector for foreign investors is basic metal industry with investments totalling U.S.\$3,621 million, followed by metal products U.S.\$2,394 million, the chemical industry U.S.\$2,355 million, mining U.S.\$1,583 million and the textile industry U.S.\$1,203 million.

The less attractive sectors include transportation U.S.\$38.31 million, construction U.S.\$41.10 million and services U.S.\$99.12 million.

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INDONESIA

JAMBI'S PLYWOOD EXPORTS UP

Jakarta ANTARA NEWS BULLETIN in English 2 Jan 86 pp A2, A3

[Text] Jambi, 1 Jan (ANTARA)--Jambi's leading non-oil/gas export commodity, i.e. plywood, up to November 1985 has surpassed the target achieved in 1984, that is from Rp.43.6 billion to Rp.44.9 billion.

Data from the representative office of the Trade Ministry showed that in 1983 the total revenue of plywood exports were even smaller, i.e. Rp.38.8 billion.

The volume of plywood exports increased from 197,504.19 cu. metres in 1984 to 229,319.13 cu. metres in 1985.

The figures show that out of the province's 15 export commodities plywood is the largest source of foreign exchange and during the last month of 1985 it has yielded exports worth more than Rp.63.4 billion.

The data also showed that since 1984 there have been eight companies engaged in plywood industry with a licensed capacity of 21,384,000 pieces annually.

The eight companies employ some 4,673 workers, consume about 467,489.57 cu. metres of raw materials worth Rp.21.4 billion.

In 1984 they produced some 11,990,018 pieces or 185,235 cu. metres of plywood worth Rp.36,929 billion.

Apart from plywood, Jambi also produces sawn timber, veneer, wooden sheet, door panels, pencil slats and chop sticks. These wood products are exported to several countries in Asia, Europe and North America.

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CSO: 4200/621

INDONESIA

GRESIK PETROCHEMICAL PLANT'S FERTILIZER OUTPUT EXCEEDS TARGET

Jakarta ANTARA NEWS BULLETIN in English 2 Jan 86 p A3

[Text] Surabaya, 1 Jan (ANTARA)--Total production of ZA fertilizer of Petrokimia Gresik company in 1985 period was noted at 475,581 tons which exceeded the target of 460 thousand tons (103.39 percent).

During the same period, the TSP fertilizer product was 1,007,070 tons exceeding the targeted 1 million tons (100.707 percent).

The total production of the two kinds of fertilizer was announced in the 1985 end-year party Tuesday night at the packaging warehouse of the Petrokimia Gresik company.

The total fertilizer production in 1985 was higher than that of the previous year when 304,110.86 tons of ZA and 1,001,780.9 tons of TSP were produced.

Thus, total fertilizer produced by state-owned companies since 1972 was recorded at 6,986,633.99 tons which comprised 2,428,233.04 tons of ZA, 4,508,363.9 tons of TSP, 8,927 tons of NPK and 41,110.05 tons of DAP.

The company has stopped producing NPK since 1980 and DAP since 1985. The two kinds of fertilizer were not produced because the government stopped its subsidy, said Endarto, a member of the commissariat council.

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INDONESIA

NORTH SUMATERA EXPECTED TO BE SELF-SUFFICIENT IN RICE IN 1986

Jakarta ANTARA NEWS BULLETIN in English 2 Jan 86 pp A1, A2

[Text] Medan, 2 Jan (ANTARA)--Head of North Sumatera's logistics board Padamulia Lubis has hinted on the possibility that the province will be capable of meeting its own requirement for rice in 1986, when he inaugurated two logistics board officials here Tuesday.

North Sumatera, which has a territory of 71,000 square kilometers, a population of nine million people and an agricultural area of almost 500,000 hectares, has since the last five years wanted to become one of the self-sufficient regions in rice, but has failed because of various reasons, Padamulia Lubis said.

Various efforts to reach self-sufficient had been carried out such as application of the intensification system covering better methods of working the land, using superior seed, better irrigation, application of pesticides and better methods of harvesting.

The "big jump forward in production" in 1980 failed, however, due to plant diseases which severely hit the region prior to harvest time, he continued.

Last year rice production could be increased to such an extent that North Sumatera, which usually requires 1.4 million tons of rice per year, now had only a shortage of 80,000 tons. The average shortage had so far been 200,000 tons.

According to Padamulia North Sumatera will in 1986 most likely achieve self-sufficiency in rice, if the main harvest, scheduled for February-March, would not be hit by plant diseases or bad climatical conditions. Production would most probably reach 1.5 million tons, he added.

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CSO: 4200/621

INDONESIA

WEST KALIMANTAN TO GET 3 MORE TV RELAY STATIONS

Jakarta ANTARA NEWS BULLETIN in English 2 Jan 86 p A3

[Text] Pontianak, 2 Jan (ANTARA)--West Kalimantan will have three more television relay stations to be located in Kendawangan district of Ketapang regency, Nangapinoh district of Sintang regency, and Bengkayan district of Sambas regency respectively.

Mance Rachmat, chief of the Pontianak TVRI station transmission division, told ANTARA Thursday that the construction of the three stations is scheduled to be completed this year.

He said a team from the TVRI headquarters was now conducting a survey of the construction sites.

Through the addition of the three stations, West Kalimantan will now have a total of 14 relay stations spread throughout the province.

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INDONESIA

BRIEFS

AUSTRALIAN DELEGATION VISITS INDONESIA--David Connolly, head of an Australian parliamentary delegation, hopes that his 13-day visit to Indonesia will promote bilateral relations and understanding. Speaking yesterday at a press conference in Denpasar, Bali, he said that Australia attaches great importance to promoting its relations with Indonesia. On the transmigration program, Connolly said that his delegation had made a 2-day visit to transmigration centers in Kroya Barat and Kroya Timur in Irian Jaya. [passage indistinct] The Australian parliamentary delegation is scheduled to leave Bali for home today. [Jakarta Domestic Service in Indonesian 230 GMT 30 Jan 86 BK] 12624

AUSTRIAN FOREIGN MINISTER MEETS MOKHTAR--Austrian Foreign Minister Leopold Gratz who arrived in Jakarta this afternoon expressed his desire to exchange opinions with Foreign Minister Mokhtar Kusumaatmaja concerning the Cambodian issue in an effort to find a peaceful resolution to it. Leopold Gratz, chairman of the International Conference on Kampuchea, said it is the role of the Southeast Asian countries to resolve the Cambodian conflict. Concerning bilateral relations between Indonesia and Austria, Leopold Gratz says relations between the two countries is currently good. He said Austria desires to discuss social issues in depth with Indonesia which is one of the five biggest nations while Austria is a small nation. [Jakarta Domestic Service in Indonesian 1500 GMT 2 Feb 86 BK] 12624

NEW REGIONAL COMMANDER INSTALLED--At a ceremony in Medan on 28 January 1986, Army Chief of Staff General Rudini installed Major General Jarot Supatmo as commander of the Bukit Barisan Regional Military Command, replacing Major General Suripto, who will become commander of the Army Strategic Command. [Summary] [Jakarta Domestic Service in Indonesian 1200 GMT 28 Jan 86 BK] 12624

MOROCCO TO OPEN EMBASSY HERE--Fez, 10 Jan (ANTARA)--The government of the Kingdom of Morocco will open its embassy in Jakarta in the framework of further strengthening its cooperation and relations with Indonesia, Moroccan Foreign Minister Dr Abdul Latief Filali informed Indonesian Foreign Minister Mochtar Kusumaatmadja at a meeting here recently. Foreign Minister Mochtar Kusumaatmadja was in Fez to attend the 16th foreign ministers meeting of the countries of the Organization of the Islamic Conference, which took place from January 6 through 10, 1986. Indonesia has since 1985 re-opened its embassy in Rabat. At the meeting between the two foreign ministers also discussed were problems pertaining to efforts in stepping up cooperation in all fields between [Indonesia] and Morocco. [Text] Jakarta ANTARA NEWS BULLETIN in English 11 Jan 86 p A2] /9274

TRANSMIGRATION FROM YOGYAKARTA--Yogyakarta, 13 Jan (ANTARA)--During 1985, as many as 2,481 families or 7,470 persons from Yogyakarta province had been resettled outside Java Island by the provincial transmigration office in Yogyakarta. A spokesman of the transmigration office said recently that the transmigrants were resettled in various transmigration projects in this country such as in Sumatera and Kalimantan. Most of the transmigrants were from Gunung Kidul, Julonprogo, Sleman and Bantul. The number of transmigrants from Yogyakarta municipality was less than those from the mentioned regions, however, the awareness of the inhabitants living in the five regions in Yogyakarta to participate in the transmigration program has been increasing lately. [Text] [Jakarta ANTARA NEWS BULLETIN in English 13 Jan 86 p A1] /9274

CSO: 4200/624

KIRIBATI

BRIEFS

TRADE GAP WIDENS--The closure of phosphate mining operations on Ocean Island (Banaba) when deposits were exhausted in 1979 has continued to affect Kiribati's overseas trade. The trade deficit continued to grow, and according to statistics just published, the deficit for 1982 was \$A20.419 million. The favourable trade balance in 1979 was \$6.288 million. This fell to a deficit of \$15.661 million in 1980, the first year with no phosphate exports. The deficit in 1981 was \$19.253 million. Imports for 1982 totalled \$22.772 and exports \$2.353 million. Australia headed the list of suppliers in 1982 with \$9.639 million, followed by Japan with \$3.995 million, USA \$2.239 million, New Zealand \$1.682 million and Fiji \$1.563 million. Copra became the biggest export in 1982 with \$1.454 million followed by fish \$515 000, shark fins \$30 000, handicrafts \$2000 and miscellaneous \$17 000. Japan was the best customer, buying copra worth \$887 028. [Text] [Sydney THE SOUTHSEA DIGEST in English 10 Jan 86 p 1] /9317

CSO: 4200/618

LAOS

SRV PRESENCE, REACTION TO THREAT FROM THAILAND DISCUSSED

Melbourne THE AGE in English 10 Jan 86 p 9

[Article by Grant Evans]

[Text]

**L**AOS, — Two days after the tenth anniversary of the communist victory in Laos on 2 December, Central Committee member, Phoumi Vongvichit, who is also Minister for Education, Sport and Religious Affairs, gave a marathon four-hour press conference in Vientiane.

One of the most accessible leaders of the reclusive and ageing Lao communist leadership, Phoumi now 76, showed no signs of fatigue during this long session. Indeed, as lunch time came and then went Phoumi quipped at the flagging journalists that monks do not eat lunch. He continued to scatter Buddhist allusions throughout the session, conducting it with the composure of a Buddhist patriarch. It ended with him clasping his hands in a prayerful wai — a long way from the clenched fist associated with communism.

Perhaps reflecting the nationalist euphoria which has overtaken the country in the past few weeks, Phoumi was particularly combative on foreign affairs. Any suggestion that Lao sovereignty has or could be compromised was rebuffed.

Laos is at a strategic crossroad in South East Asia, sharing borders with China, Vietnam, Cambodia, Thailand and Burma — all of whom are stronger and have intervened in Lao affairs at one time or another.

The Lao, therefore, have good reason to be touchy about their country's independence.

Before 1975 a "secret war" was waged in Laos by the Americans as a sideshow to the Vietnam War. The US dropped a ton of bombs per person on Laos. Large areas are still littered with unexploded bombs which continue to kill and maim people. The CIA also recruited and trained a "secret army" of hill tribesmen, paid for 27,000 Thai

volunteers, and footed the bill for the Royal Lao Army, reputedly the most unreliable in Asia. The Royal Lao Government was completely dependent on US assistance, and the US ambassador was known as the "second prime minister".

But how different is the situation today when there are, according to Western sources, around 50,000 Vietnamese troops in Laos? "Laos will forever remain Laos," replied Phoumi. "The Vietnamese are here at our request and we have a sovereign right to ask them if we feel threatened." People he said, may talk of "Vietnamisation" but in the world there are many countries with foreign troops on their soil. "In West Germany, for example," he went on, "you don't hear people talking of 'Americanisation'."

Challenged to confirm a specific number of troops, Phoumi maintained that the Vietnamese come and go as needed by the Lao, and according to the threat felt by Vientiane, "40,000, 50,000 or 100,000, it depends on the situation".

But who is the threat? The answer, not surprisingly, is little known outside Laos today: Thailand.

The perception of Thailand in Laos is rarely understood outside Vientiane because most people tend to assume that the cultural similarities between the two countries override their political relationship. There is a strong consciousness in Vientiane, however, which predates the communist regime, that Laos has historically lost territory to Thailand not to Vietnam. Furthermore, there is a residual understanding that if the approximately 20 million Lao in the Lao-speaking areas of Thailand today were still part of Laos then it would be a country to be reckoned with.

Furthermore, the communists are acutely aware that US bombing raids against them before 1975 were conducted from bases in Thailand.

The Vietnamese troops are in Laos under a treaty of friendship and cooperation signed in 1977, it can be argued, as a direct result of a Thai blockade of landlocked Laos, who has been dependent on Thailand for access to the sea. There have been several Thai blockades since 1975, all of which have directly threatened the viability of the Lao Government.

Lao fears of Thailand have been re-ignited over the past year and a half by a conflict on their northern border where the Thai army occupied three Lao villages, and later withdrew in de facto recognition of Lao sovereignty. But the dispute simmers on because the Thai will not clearly acknowledge the borders as established by the former French colonial government in Laos and Siam early this century.

According to Phoumi this can throw the whole border question open. "If they don't recognise colonial borders then where do they want to start?" challenged Phoumi, "With Fa Ngum? (a 15th Century Lao whose kingdom encompassed large parts of what is

now Thailand). When territorial issues are raised we have nothing to lose." However, he quickly added that Laos has no claims on Thai territory.

The Lao make no attempt to conceal the presence of Vietnamese troops, although most of them are stationed along the Chinese border or concentrated along Laos' southern border with Cambodia. Many of the Vietnamese soldiers are in fact here as road workers.

Laos' protective alliance with Vietnam against Thailand has also brought it enemies it could do without. Vietnam's conflict with Pol Pot's Cambodia and China has placed a potentially hostile force on Laos' northern border as well as Thailand to the south.

The Lao seem to balance Vietnamese influence with Soviet influence. The Soviets are very important economically, especially in the creation of economic infrastructure, and the military parade on 2 December underlined just how important they are to the Lao militarily. The actual balance of influence between the various communist states in Laos remains, however, an endless source of mystery and therefore speculation at diplomatic cocktail parties in Vientiane.

Vietnamese influence in Laos is strong, and few people would be as sanguine as Phoumi Vongvichit about them leaving on request from the Laotians. No one who is critical of this close tie has come up with realistic alternative foreign policy options for Vientiane.

Yet one is inclined to agree with Phoumi that "Laos will always be Laos", even under communism. Anyone who has travelled from Hanoi to Vientiane immediately recognises the more relaxed, the less authoritarian nature of Lao communism. Hopefully the Vietnamese will learn something from the Lao.

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CSO: 4200/632

LAOS

PHOUN SIPASEUT RECEIVES MEKONG, AFRICAN GROUPS

BK280338 Vientiane Domestic Service in Lao 1200 GMT 26 Jan 86

/Text/ On the morning of 25 January, Phoun Sipaseut, vice chairman of the Council of Ministers and minister of foreign affairs, received a courtesy call from a 30-member delegation of the Mekong Organization and water resource development organizations from eight African countries. On this occasion, Phoun Sipaseut welcomed and highly appreciated the delegation's visit which took place at a time while the Lao people were joyously celebrating the 10th anniversary of the establishment of the LPDR and at the beginning of the year in which the Lao people were preparing for the implementation of the Second 5-Year State Plan. The visit, therefore, has contributed to the strengthening of the cooperation in developing the economy in the region in an ever more beneficial manner. He also informed the guests of the economic situation and direction for the economic building of the LPDR, and wished the delegation success in its visit to Laos on this occasion.

During the meeting which proceeded in a cordial atmosphere, a representative of the delegation expressed thanks to Phoun Sipaseut for the warm welcome and hailed the achievements of the LPDR in the economic development work. The delegation of the Mekong Organization and water resource development organizations arrived in Vientiane on 24 January. Its purpose is to visit various water resource development projects in Laos under the cooperation of the Mekong Committee of Laos. The projects include the Nam Ngum hydroelectrical dam, the Kaoleo irrigation project, and the survey project for the hydroelectrical works in the Nam Houm River.

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CSO: 4206/59



LAOS

#### PAST ACHIEVEMENTS OF NAVAL CORPS NOTED

BK270536 Vientiane Domestic Service in Lao 0430 GMT 26 Jan 86

/Feature article: "The Consolidation, Building, and Activities To Fulfill Tasks of the Combat Naval Corps"

/Text/ The original combat naval corps of Laos was founded with only one company in Vientiane after the country's liberation. It is considered to be a newly established corps. Like other corps in the LPA, it has significant roles, responsibilities, and duties to fulfill. Many more naval units or regiments were subsequently set up in various regions or provinces throughout the country. Through the consolidation and building, the combat naval corps has been gradually strengthened, both organizationally and in terms of equipment. The leading and commanding cadres have been educated and trained to maintain a high level of capabilities.

Over the past 10 years, the naval corps has been entrusted with the heavy task and responsibility of maintaining tranquility in the waters forming the country's borders. It has successfully fulfilled this task. An example of its significant achievements is that it fought intruding warships of the Thai reactionary soldiers on many occasions, resulting in three Thai warships being sunk and all forces aboard the ships completely wiped out, with a number of other ships captured. In addition to fighting to defend the territorial waters, the combat naval forces have coordinated with infantry troops to search for and wipe out enemy agents on the ground while persuading the people to build bases and to participate in fulfilling the task of defending the country and maintaining public security. They have also coordinated with other units and regiments in providing security for festivals and congresses. For example, they coordinated in providing security for the Third Party Congress, the celebration ceremony marking the 10th anniversary of the 2 December National Day, and other festivals.

Along with studying and training to consolidate their forces and to raise the level of vigilance and combat readiness to defend the territorial waters along the border, they have paid attention to educating and training themselves in the political and ideological fields. As a result, the cadres and combatants of the naval corps have maintained a higher level of awareness to fulfill tasks, maintained a spirit of heroic fighting, and maintained confidence in their responsibility. They have also firmly consolidated the solidarity and harmony

in the naval corps. The naval corps--which has always maintained close, traditional relations and solidarity with the people--has now even promoted and expanded its fine, genuine traditions by implementing the slogan that the army is regarded as fish while the people are regarded as water. This can be seen in the fact that wherever the naval units or regiments are stationed, they get support, assistance, love, and trust from the fraternal local people.

In all circumstances, the combat naval corps, with its industrious and persistent tradition, has always engaged in labor to develop places, boost production, and set up logistics bases in places while taking the initiative in improving the living conditions in the units and regiments. In the past few years, the naval corps accumulated capital, which was used to build offices for various units or regiments and to build living quarters for cadres. By doing so, it saved some funds that should be allocated by higher levels. At present, promoting and expanding its true nature and fine traditions, the combat naval corps has persisted in positively consolidating and building its forces to raise the level of capabilities in all respects in order to fulfill tasks and score new, ever greater achievements in the new stage.

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CSO: 4206/59

LAOS

EDITORIAL REVIEWS SIGNAL, COMMUNICATIONS WORK

BK290455 Vientiane Domestic Service in Lao 0430 GMT 27 Jan 86

/Editorial: "Guarantee Signal Work Under All Circumstances"

/Text/ The signal corps was one of the forces formed by our army during its early phase. During the early period of the revolution soldiers were used to carry orders. Modern equipment was gradually used later. The signal corps now can ensure all tasks of serving the leadership and guidance of higher echelons, training, and building and keeping our army combat-ready.

Following the two periods of resistance--against the French colonialists and the U.S. imperialist aggressors and their traitorous lackeys--our signal soldiers have upheld the spirit of resolute fighting and the determination to win, surmounted all obstacles and trials, closely associated themselves with battlefields, and served as blood vessels for communications. They have under any situation vigorously served the task of guiding and commanding, thus glorious contributing to the overall success of our army. Signal soldiers have effectively carried out the slogans: Heroically and swiftly surmount obstacles; timely ensure communications; serve with clarity, confidence, and safety; and effectively serve overall tasks.

During the resistance against the French colonialists, the signal corps began small and weak, armed with little equipment, and able to serve only minor operations. Within a short period of time, the corps had effectively responded to requirements for serving major and minor operations and firmly maintained its fame as blood vessels for the signal and communications work.

During the national salvation struggle against the U.S. imperialist aggressors and their traitorous lackeys, the signal corps developed quickly in both quantity and quality and timely fulfilled expectations in ensuring communications on all battlefronts. Signal cadres and combatants upheld the spirit of working while studying, demonstrated initiatives, mastered all technical equipment, and ensured communications between units.

During the general and sudden uprising staged by our people in 1975 signal soldiers actively served the command work in an active, extensive, and thorough manner between higher and lower echelons, between higher echelons and combat units, and between the front line and the rear line, thus contributing to the great victory of our nation.

Signal soldiers have quickly developed their signal networks and ensured communications in a smooth, timely, clear, and confidential manner in the cause of maintaining combat readiness against the Beijing expansionists and hegemonists and the Thai ultrarightist reactionaries, thus firmly defending the country's borders.

Our army is advancing toward becoming a modern and model army. In combat operations or in coordinating various corps in an increasingly large scale, the signal corps has assumed a more and more important role and position in serving the guiding and command work. As a result, the combat forces in the entire army as well as in each unit are dependent on this important branch. The responsibility in the new period requires our signal soldiers to actively mobilize their forces, heighten their sense of responsibility, ensure smoothness in communications work under any situation, and improve their political quality and their work efficiency and capability. As a technical corps of the LPA, signal cadres and combatants must resolutely forge and temper themselves, train and study to increase their scientific and specialized level, master various modern equipment, strive to bring into full play their initiatives, modify techniques, effectively use all equipment, and fully meet all expectations of combat and work.

To fulfill the glorious tasks in the new period, signal soldiers must strive to ceaselessly build and strengthen their corps and, at the same time, assist various popular signal forces in extensively and thoroughly organizing signal networks, particularly in coordinating forces and ensuring safety and smoothness in their work. With joy and happiness over the achievements recorded in the past, signal cadres and soldiers should strive to uphold work efficiency and quality, meet all expectations, ensure communications for combat readiness and for fighting well, and make appropriate contributions to the task of defending the country and building socialism in our fatherland.

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CSO: 4206/59

LAOS

FEATURE PRAISES POSTAL ASSISTANCE FROM SRV

BK300430 Vientiane Domestic Service in Lao 0530 GMT 28 Jan 86

/Feature article: "Laos-Vietnam Postal Relations"/

/Text/ The special solidarity and allround cooperation between Laos and Vietnam began a long time ago. Particularly speaking, bilateral postal cooperation and assistance began 25 years ago in 1961. During the national salvation struggle against the fierce and violent war of destruction waged by the U.S. imperialists, Vietnamese postal experts stood side by side with their Lao counterparts in fighting and in stalling postal networks, ensuring ease of communications in liberated areas.

Following the complete liberation of our country which is advancing toward socialist construction, bilateral relations have been further strengthened. During the past 10 years the Vietnamese side has assisted Laos in building postal systems in 75 districts and in installing postal networks in Laos' northern border areas. In 1979 alone the SRV supplied Laos with some postal equipment, such as machines and spare parts.

One important issue is the training of specialized cadres. In the past several years the SRV enabled Lao specialists to make study tours in Vietnam and helped train about 60 specialists, from basic to higher levels, thus contributing to building a more extensive base for our postal management. Since 1983 Vietnamese postal experts have come to Laos to offer new technical assistance, such as in management and in improving our technical ability.

Thanks to its achievements and the sincere assistance rendered in the past 25 years the postal branch of the SRV has been conferred by the Lao party and government with 95 various victory medals. Outstanding units and individuals have also received medals. Those are past achievements. In the years to come bilateral cooperation and postal relations will continue to develop steadily, thus greatly contributing to and serving as a clear symbol for the growth, beautification, and building of the precious tradition of special relations, great friendship, close militant soldiarity, and allround cooperation between Laos and Vietnam.

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CSO: 4206/59

LAOS

## SAVANNAKHET-BINH TRI THIEN FRIENDSHIP REVIEWED

Hanoi VIETNAM YOUTH in English No 160, Dec 85 pp 29-30, 21

### [Text]

Binh Tri Thien province of Vietnam and Savannakhet of Laos lie on either side of the majestic Truong Son range and share a common border of nearly 200 kilometres. The historic "Ho Chi Minh Trail" runs along this border and Highway 9 runs through both provinces, starting from the Cua Viet sea port of Vietnam via the Lao Bao frontier passage and westward up to Sayabouri of Laos on the bank of the Mekong.

Living in such a strategic position the multi-national populations of the two provinces have long forged strong bonds of friendship and fraternity. During the resistance against the French colonialists then against the American imperialists, the Party organisations, the army and the people of the two provinces stood on the same front to fight shoulder to shoulder in the spirit of "sharing even a grain of salt and a stalk of vegetable". They together made resounding exploits still remembered by the two peoples such as the victories at Pha Lan, Dong Hen and Highway 9-Southern Laos.

Right in the days of the anti-US resistance, in furtherance of a resolution of the Secretariat of the CC of the Communist Party of Vietnam and a resolution of the Secretariat of the CC of the Lao People's Revolutionary Party Central Committee, on December 14, 1966, Quang Binh province (now part of Binh Tri Thien) and Savannakhet province sworn brotherhood in order to cooperate with and help each other in consolidating and further strengthening the long-standing friendship between the populations of the two provinces.

From 1966 to 1975, the population of Binh Tri Thien each year sent hundreds of tons of food, foodstuffs, commodities of daily use and medicines to the population and domestic animals in Savannakhet. And they did that at high risks when passing such hot spots like Cong Troi crossing, (Heaven's Gate) the Phulanik Pass, the Tha Le, the Lumbum crossroads, which were prime targets of US aircraft, and in defiance of long and hard trips through dense forests which often took as many as 14 or 15 days.

Apart from sending 150 economic managers and scientific and technical workers to help Savannakhet build a model district at Na Nhom and some other districts in the liberated zone such as Ang Kham and Kham O, nearly two hundred cadres and large numbers of people in Binh Tri Thien have built a road across high mountains up to Na Nhom in order to build the Na To water conservancy project for Laos which can ensure water for 1,000 hectares of cultivated land. And not manpower alone. Five sons and daughters of Binh Tri Thien have sacrificed their lives while building this project. Through courses opened at both Binh Tri Thien and Savannakhet, Binh Tri Thien has helped train 752 technical and managerial workers for Laos including 120 agricultural and water conservancy workers, 90 teachers of primary education, 54 medical nurses and 138 technical workers.

Since 1976, the cooperation between Binh Tri Thien and Savannakhet has become even more comprehensive and assumed greater dimensions, embracing many fields of economy, culture, science and tech-

nology. This aims to help each other to build technical and material foundations, train cadres, broaden the exchange of commodities, coordinate actions in security and defence matters, thus making worthy contributions to the building of socialism in each country and defeating the multifaceted war of sabotage undertaken by the Beijing reactionaries in collusion with the US imperialists and other reactionary forces.

At the request of its twin-province, Binh Tri Thien has sent 92 experts and hundreds of cadres and technical workers to help in a number of branches such as agriculture, forestry, water conservancy, banking, job training, information and culture, etc. Binh Tri Thien has conducted survey and taken part in the planning of the townships of Muong Phin and Sephone, surveyed and completed a pedological map for Mong Luong and Nake, carried out investigation and geological survey of tens of thousands of hectares of land in Bong Lai and Phou Vieng, conducted feasibility studies for five water conservancy projects which altogether are capable of watering 4,100 hectares of single cropping and double cropping ricefields, one salt mine, a chalk factory and a sugar mill. Many of these projects have been completed and handed over to Savannakhet province.

The relations between the two provinces have not ceased to consolidate. Mutual visits have been made by delegations and teams of cadres, economic experts and technical workers to exchange experience and learn from each other in the domains of economic management, in production guidance, in the building of the Party and in professional domains such as banking and planning. In four years from 1981 to 1984, 43 delegations of Binh Tri Thien composed of 448 cadres and experts called at Savannakhet and 55 delegations of Savannakhet comprising 492 cadres and experts visited Binh Tri Thien. Over the past ten years, Binh Tri Thien has helped train for Savannakhet 415 scientific and technical workers, skilled workers and army officers. Back to Savannakhet, all these cadres, workers and army officers have made notable achievements in production, work and fighting for which they were commended by the provincial Party Committee.

In the past two years, the cooperation between the two provinces has taken a new

step forward in the form of joint businesses aimed at helping each other to better exploit the natural riches, manpower, land materials and financial resources of each province. For instance, the two provinces have jointly built the Huoi Sa Khuong water conservancy project, jointly built ferryboats and jointly exploited timber in the local forests. The foreign trade services of the two provinces have signed economic contracts on exchange of commodities according to the demands and capabilities of each side and in the spirit of socialist economic cooperation, equality and mutual benefit. Binh Tri Thien has supplied Savannakhet with commodities and production means such as ploughshares, spades, knives, rice and bean seeds and a variety of household utensils such as cooking pots, saucepans, bowls and cups, clothing, mosquito nets, bicycle tyres, etc.

In return, Savannakhet has supplied Binh Tri Thien with essential oil rice, cardamom, timber, scrap aluminium and copper, tobacco, etc. At present, a new form of cooperation has taken shape and it is called "helping each other in purchases and sales". For instance, Binh Tri Thien has purchased from other localities of Viet nam for Savannakhet breed chickens, animal feeds, packing materials and musical instruments while Savannakhet has purchased stationery articles for Binh Tri Thien etc.

Kaysone Phomvihane, General Secretary of the Central Committee of the Lao People's Revolutionary Party and Chairman of the Lao Council of Ministers, had this to say about this cooperation: "This is a very wonderful initiative the two provinces have taken. Binh Tri Thien has supplied 18 million dong worth of commodities and a quantity of packing materials which enabled Savannakhet to increase its purchases of paddy at a time when the peasants most needed to sell their surplus rice following a good harvest. If other twinned provinces could do as well, we may have purchased more surplus rice from the farmers."

Developing the tradition of solidarity and cooperation during the fight against the French and American imperialists today the armies and security forces of the two provinces have been closely cooperating in looking after defence matters of the two sides, and collaborated in the search for and collecting of the remains of the Viet-

namease soldiers who laid down their lives on Lao soil during the two wars of resistance. The friendship between the population of the two provinces has been built not only by the sweat but also the blood of the two nations.

This friendship has found most moving expressions when the population of either province met with difficulties. For instance, during a recent heavy drought spell in Semon, Sonkhone and Champhone districts of Savannakhet, Binh Tri Thien sent in time more than two hundred tons of rice seeds and medicines to the stricken areas. In late October 1983, on learning of a major flood and storm in Binh Tri Thien which caused serious losses in lives and property, the population of Savannakhet promptly sent a delegation bringing along 5,000 bamboo trees, 2,000 metres of cloth, 20 tons of rice and a large quantity of schooling materials to help Binh Tri Thien overcome the consequences of the disaster.

In acknowledgement of their achievements in fostering and reinforcing the friendship between Binh Tri Thien and Savannakhet, the Government of the People's Democratic Republic of Laos has awarded the Issala (Freedom) Order, First Class to the Committee of Binh Tri Thien for Economic and Cultural Cooperation with Laos and Kampuchea, the Friendship Medal to 21 units and nearly 1,000 medals to individual cadres and workers of Binh Tri Thien.

ANH TRANG . .

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CSO: 4200/632



LAOS

BRIEFS

LEADERS GREET INDIAN COUNTERPARTS--Vientiane, 27 Jan (KPL)--Lao President Souphanouvong has expressed his firm conviction that the close and positive relations of friendship and cooperation between Laos and India will be further developed for the global interest of the two countries, for peace and stability in Asia and in the world. In his telegram of greetings to Giani Zail Singh, president of the Republic of India, on the occasion of the National Day of India (26 January), he conveyed, on behalf of the People's Supreme Assembly and the people of the Lao PDR, warmest congratulations and best wishes, sincere friendship and solidarity to the Council of State and arduous Indian people. On the same occasion, Kaysone Phomvihane, chairman of the Council of Ministers, and Phoun Sipaseut, minister for foreign affairs of the Lao PDR, have also sent telegrams of greetings to their counterparts, Rajiv Gandhi and Bal, Ram Bhagat, respectively. /Text/ /Vientiane KPL in English 0912 GMT 27 Jan 86 BK/ 12228

AGREEMENT DISCUSSED WITH GDR--Vientiane, 24 Jan (OANA-KPL)--Deliberations on the conclusion of a new agreement for cooperation between the ministries of justice of Laos and the GDR for the year 1986-87 began here yesterday. The delegations are headed by the Lao minister of justice, Kou Souvannamethi, and the first vice minister of justice of the GDR, Dr Herbert Kern. Cooperation in this field between both countries is based on a relevant agreement reached between their ministers of justice in 1980. Since that time a comprehensive exchange of experiences and experts took place on the setup of new juridical institutions, qualification of cadres as well as on the development of a new legislation for the protection of the socialist order, the national economy and the right of the citizens. Courses for the further qualification of Lao jurists were held both in the GDR and Laos. The GDR delegation, which arrived here on Thursday, will exchange experiences during their stay, among others, in Luang Prabang with their Lao colleagues. /Text/ /Vientiane KPL in English 0911 GMT 24 Jan 86 BK/ 12228

INDIAN NATIONAL DAY CELEBRATED--Vientiane, 28 Jan (KPL)--Shiv Kumar, the ambassador of the Republic of India to the Lao PDR, organized here, on 25 January, a reception to commemorate the 36th National Day of India (26 January). Among those present at the reception ceremony were Phoun Sipaseut, vice chairman of the Council of Ministers, minister for foreign affairs; Sali Vongkhamkao, vice chairman of the Council of Ministers, chairman of the State Planning Committee; and other senior officials. Diplomatic envoys here were also present at the reception. /Text/ /Vientiane KPL in English 0917 GMT 28 Jan 86 BK/ 12228

PHOUMI VONGVICHIT ADDRESSES MEDICAL MEETING--Vientiane, 28 Jan (KPL)--"Preventive measures against diseases should be basically implemented and medical treatment should be importantly undertaken, /no closing quotation marks received/ Phoumi Vongvichit, Politburo member of the LPRP CC, vice chairman of the Council of Ministers, in charge of educational, cultural and health work, said at a festive meeting here Saturday with medical workers. He highly appreciated the past 10 years' achievements in the medical field scored by different health services. He further encouraged the medical cadres to uphold their professional spirit, and responsibility and to actively contribute to the improvement and extension of public health network. He further appealed to all cadres concerned to improve their skills and abilities in order to fulfill the party and government tasks. /Text/ /Vientiane KPL in English 0912 GMT 28 Jan 86 BK/ 12228

AUSTRALIAN NATIONAL DAY MARKED--John B. Campbell, Australian ambassador to Laos, held here yesterday, a reception on the occasion of Australian National Day. Present at the reception ceremony were Sali Vongkhamsao, vice chairman of the Council of Ministers, chairman of the State Planning Committee; Maisouk Saisomphenx, minister of industry, handicraft and forestry; Souban Salitthilat, deputy minister for foreign affairs; and other senior officials. Diplomatic envoys and representatives if /as received/ international organizations here were also present at the reception. /Excerpt/ /Vientiane KPL in English 0808 GMT 28 Jan 86 BK/ 12228

KAYSONE PHOMVIHAN GREET'S GANDHI--On the occasion of the 36th National Day anniversary of the Republic of India, on behalf of the LPDR Government and Lao people, I am very happy to have the honor of extending warm congratulations and best wishes to Your Excellency and, through you, to the Indian Government, people, and friends. In the past several decades, in pursuance of the glorious cause of Mahatama Gandhi and Jawaharlal Nehru, the Indian people have concentrated on building their country into a strong and prosperous one. The Republic of India has played a significant role in the Nonaligned Movement and has contributed greatly to the struggling movement against the war policy and the nuclear arms race of the imperialists and to safeguard peace and security in Asia and around the world. I am fully convinced that the time-honored friendly relations and close cooperation between Laos and India will be further strengthened and will be fruitful, in the interest of the Lao and Indian people, and favor peace, friendship, and international cooperation. With high respect, /Signed/ Kayson Phomvihan, chairman of the Council of Ministers of the LPDR. /Text/ /Vientiane Domestic Service in Lao 1400 GMT 27 Jan 86 BK/ 12228

CSO: 4500/626

MALAYSIA

# COMMENTARY VIEWS MAHATHIR'S TRIP TO PRC

Selangor KIN KWOK DAILY NEWS in Chinese 28 Nov 85 p 2

[Commentary: "The Prime Minister Concludes His Journey to China"]

[Text] Concluding his 9-day visit to PRC, Prime Minister Datuk Sri Dr Mahathir returned home today. Apart from consolidating the fine relationship between the two countries, the prime minister obtained certain results in the field of economic cooperation.

During his sojourn in the PRC, the prime minister met with four Chinese leaders in Beijing, including top leader Deng Xiaoping, President Li Xiannian, CPC Secretary General Hu Yaobang, and Premier Zhao Ziyang. Dr Mahathir also had a talk with Premier Zhao about Malaysian-Chinese trade problems.

Since the establishment of diplomatic ties in 1974, contacts have been made on a government-to-government basis only. Trade between the two countries has been getting closer with the passage of time, with the trade volume increasing every year and our country on the deficit side.

The prime minister requested China purchase a large volume of our finished products in order to reduce our trade deficit. This is a logical request on our part. In fact, apart from importing our finished products, China can also increase her importation of our timber, natural rubber, palm oil, and other primary materials.

For a long time in the past, trade between Malaysia and China was done indirectly through Hong Kong and Singapore, a manner which entailed huge losses to our country. Therefore, our government has invariably advocated direct trade with China.

This time Prime Minister Dr Mahathir and Premier Zhao Ziyang signed several trade agreements to facilitate an early realization of Malaysian-Chinese direct trade.

At present China is implementing her four modernizations. She welcomes foreign investment. It is expected that private business circles in our

country will visit China to discuss investments in hotel enterprises, thereby strengthening the investment atmosphere between the two countries.

It is expected that our country will also set up more trade centers to promote trade relations between the two countries.

China's Premier Zhao Ziyang agreed to the idea of mutual cooperation in the fields of economy, trade, and technology.

During his visit to the PRC, although the problem of the Communist Party of Malaya was not mentioned, the prime minister let his standpoint be known on this issue. He pointed out frankly that certain problems still exist between Malaysia and China: Malaysia has requested China to sever her relations with the Communist Party of Malaya, but China keeps insisting that it is her moral duty to help the party.

While in China, the prime minister also received Prince Sihanouk, chairman of the Kampuchean coalition government. Concerning the Kampuchean problem, China supports the standpoint of the ASEAN countries, that is, that Vietnamese troops be withdrawn from Kampuchean territory and the Kampuchean people allowed to select their own government.

During a welcoming meeting, Premier Zhao Ziyang praised our government's stand on the Kampuchean, Afghanistan, Palestinian, and South African problems. We oppose imperialism and we uphold the righteous struggle for self-determination in these countries.

In the wake of the prime minister's visit to China, we believe that our government will adopt a more open-door policy, so that our industrial and commercial circles can freely carry on trade with China. If our government is willing to rescind the requirement of an application for AP permits, this will serve as a more effective encouragement for direct trade with China.

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MALAYSIA

KIT SIANG QUESTIONS KENG YAIK'S VISIT TO CHINA

Selangor KIN KWOK DAILY NEWS in Chinese 5 Dec 85 p 3

[Text] Lim Kit Siang, leader of the opposition in Parliament, tonight pointed out that if Dr Lim Keng Yaik is really worried about the possibility of the Malays' feelings being hurt by ethnic-Chinese overreaction to Malaysian-Chinese relations, why did he join the prime minister's visit to China?

Kit Siang was making a speech at a meeting convoked by the Malacca state committee of his party, the Democratic Action Party.

He pointed out that Prime Minister Dr Mahathir's praise of Emperor Qin Shi Huang's contribution to China's unification has become his most controversial opinion of his China trip and that Dr Lim Keng Yaik, president of the Malaysian People's Movement, also gave an absurd speech after his return from China.

Kit Siang said: "Last Sunday, while making a welcoming speech at a seminar organized by GERAKAN's women's wing in Kuala Lumpur, Keng Yaik stated that the enthusiastic reaction of Malaysian Chinese to China's open-door policy has disturbed the non-Chinese elements in this country, especially the Malays. Yet Keng Yaik was one of the members of the prime minister's delegation to China.

"Many people have asked me: 'What did Keng Yaik mean by that remark? What was his motive, and his purpose?' I can't say for sure what he means, but his motive and purpose are very clear."

Kit Siang continued that Dr Lim Keng Yaik has suggested that Malaysian Chinese should not be carried away by trade and economic possibilities with China because other nationals, especially the Malays, might feel restless. At the same time, does Keng Yaik want the government to believe that in certain respects the allegiance of the Malaysian Chinese is still questionable? And that the government's refusal to bestow civil rights to 300,000 non-citizens of Malaysia is also correct?

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CSO: 4205/7

MALAYSIA

# KENG YAIK ACCUSES KIT SIANG OF JEALOUSY

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 7 Dec 85 p 14

[Text] Dr Lim Keng Yaik, general chairman of the Malaysia People's Movement [GERAKAN] today praised Lee Lam Thye, deputy secretary general of the Democratic Action Party as a person with a positive and constructive political attitude.

Keng Yaik said that when the prime minister visited China, he asked Lee Lam Thye to join the delegation, but not DAP secretary general Lim Kit Siang, an action which made the latter jealous and dejected.

Keng Yaik was making a rebuttal to Kit Siang's criticism against the former's joining the prime minister's delegation to China and at the same time calling on Malaysian Chinese not to be overenthusiastic about Malaysian-Chinese trade relations for fear of hurting the feelings of Malays.

Keng Yaik pointed out that Kit Siang's reaction was expected, because it is his natural instinct to distort the views and intentions of other individuals for his selfish benefit and political capital.

Keng Yaik said: "As a member of our delegation to China, I was able to observe at close range China's latest developments and the possibilities of our businessmen doing business with China while the world's economy was in a recession. Our businessmen should grasp this opportunity for our national benefit. It is GERAKAN's consistent stand that the government should encourage this development and provide our businessmen with all facilities.

"However, we must be on guard against any possible implication of this new development, for instance, that this fine opportunity might be spoiled by racial irritability in our country. On the contrary, we should not allow this development to complicate the issue of our racial sensitivity.

"Our standpoint is that any government agency or bumiputra organization should not monopolize or restrict trade relations between our country and China through the issuance of government licenses or interference by government enterprises as has been practiced in the past. Such practices are most unfair to Chinese businessmen, especially those with traditional connections with China.

"On the other hand, the moment the conditions have changed and all restrictions have been lifted, it is only natural that our Chinese businessmen will evince an enthusiastic reaction. However, the attitude and nature of their reaction should not be cause for alarm and suspicion by other Malaysian citizens of non-Chinese descent or lead to the undermining of our interracial harmony and our long-term trade and investment opportunities in China."

Accordingly, Keng Yaik continued, it is his duty as a responsible political leader to give a timely warning against making mistakes, so that all our people can benefit from the new trade and investment opportunities. We have to be frank and honest. That has been the standpoint held by GERAKAN, which is not like Lim Kit Siang and his ilk who want to ingratiate themselves with others.

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CSO: 4205/7

MALAYSIA

PAPER VIEWS PROSPECTS OF MALAYSIAN-CHINESE RELATIONS

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 30 Nov 85 p 27

[Editorial: "Good Prospects of Malaysian-Chinese Relations"]

[Text] Having concluded his 9-day state visit to the PRC, Prime Minister Datuk Sri Dr Mahathir triumphantly returned home the night before last. This time the prime minister's trip obtained results which call for rejoicing. His accomplishment reflects not only the strengthening of economic and trade relations and cooperation but also the attainment of a certain degree of understanding of longstanding discrepancies of opinion between the two countries.

The most concrete result of the prime minister's trip is the signing of an agreement avoiding double taxation between the two governments. Also, the Chinese-Malay Chamber of Commerce and China's Committee for the Promotion of International Trade signed a memorandum on direct trade between the two countries. The prime minister also divulged that our businessmen signed a trade contract with China valued at M\$57 million, part of which is to be implemented on a barter basis.

Another result is that both countries are now studying the problem of a mutual utilization of each other's freighters. On 21 November, Prime Minister Dr Mahathir and Premier Zhao Ziyang reached an understanding in Beijing on the promotion of close cooperation in navigation enterprises. Officials of both governments will begin meetings early next year to discuss this problem further. All these efforts show that henceforth the field of cooperation in trade and the economy will be continually expanded. As a follow-up to Malaysia's approval to rescind the government regulation requiring an import permit for Malaysian businessmen to conduct trade with China, the time is becoming ripe to sign a Malaysian-Chinese trade agreement.

During his sojourn in China, the prime minister met with top-level leaders Zhao Ziyang, Deng Xiaoping, Hu Yaobang, and others and exchanged views which helped them get a better understanding on certain issues.

As a matter of fact, in the process of its historical development, practically every country experiences similar or different personnel vicissitudes. Viewpoints which are tied down by past conventions are basically negative



and not conducive to promoting a good relationship with international communities. Based on the mutual understanding of one another's viewpoints, the topics of discussion between Malaysia and China are concentrated on the economy and trade, which is a wise and commendable way of doing things. Just as Prime Minister Mahathir remarked, if neither side interferes with the other's domestic affairs, a difference in ideology should not become a hindrance to the development of a relationship between the two countries.

We can clearly see from the talks between the leaders of the two governments that between differences in ideology and social system may be found many common points. On many issues, such as the Kampuchean, Afghanistan, and other problems, Malaysia and China share a common viewpoint. This shows that both Malaysia and China have good intentions in opposing aggression and safeguarding world peace.

On the eve of his departure from China, Prime Minister Dr Mahathir expressed his conviction of the "success of China's modernization process, because everywhere in China can be seen the people's hope of seeing the emergence of new conditions." As a matter of fact, modernization is a historical current and also a world trend. It is the only road to be traversed by all countries which crave progress and prosperity, and the only road being traversed today.

Malaysian-Chinese traditional friendship goes back to ancient times. We agree with the prime minister's viewpoint that we should look to the future and that the pure relationship of our forefathers will be replaced by friendship between the peoples of Malaysia and China.

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CSO: 4205/6

MALAYSIA

END TO CRIME BY INDONESIAN ILLEGAL IMMIGRANTS URGED

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 5 Dec 85 p 29

[Editorial: "Stop Indonesian Illegal Immigrants' Criminal Activity"]

[Text] In recent years crimes committed by Indonesian illegal immigrants have been on the increase, causing a serious threat to the lives and property of our multinational population and to social tranquillity.

A number of ruling and opposition parties as well as civic organizations have voiced opinions on the influx of illegal immigrants from neighboring countries and on the social problems created by them, hoping that the government will take vigorous measures to curb them.

In fact, judging by their criminal records, which include robberies, rapes, murders, and the hair-raising harassment of our fishermen on the eastern seacoast, the Indonesian illegal immigrants are, to a certain extent, also sabotaging our international reputation and the development of our tourist industry.

In addition, the jobs occupied by illegal immigrants and foreign workers have an impact on job opportunities and unemployment conditions of our own people. According to Indonesian official statistics, about half a million Indonesians are working in our country. This is a serious problem in proportion to our entire population of 15 million.

Deputy Prime Minister Datuk Musa Hitam once said that the government will take measures, including an expansion of our Special Task Force to halt the infiltration of illegal immigrants. His remark amply explained that the influx of illegal immigrants into our country is threatening our public order and should be checked in time.

For many years now, public opinion has been openly against Indonesian illegal immigrants when the problem of crime comes up for discussion. These accusations are not based on rumors, subjective attitudes, or prejudice but on the inhuman and perverse nature of the Indonesian illegals who violate the law and commit crimes.

What worries us deeply is that not a few Indonesian bandits have resorted to violent treachery against their victims, which has aroused the fury of the populace all over the country. If the police cannot more effectively curb the criminal activity of those Indonesian bandits, it is feared that serious animosity will break out between our people and the outsiders. A good case in point was a protest meeting held by the people of a certain town the night before last.

At the gathering, Lim Kit Siang, secretary general of the Democratic Action Party, pointed out: "Throughout the land, especially in the residential district of Johore state, the public has lost its trust in the police to maintain public order and has started forming a self-defense corps to patrol the area at night in an effort to safeguard their lives and property from the threat of Indonesian illegal immigrants."

We believe that to cope with the problem of criminal activity by the Indonesian illegal immigrants, the ruling and opposition parties, the government, and the public should undertake a joint study on appropriate ways to eradicate the threats and safeguard social tranquillity.

For the common benefit of our people, we hope that the government will draw up more stringent laws to deal with individuals and organizations found aiding the influx of Indonesian illegal immigrants into our country. We also hope that the government will not ignore various opinions voiced by all public circles about the problem of Indonesian illegal immigrants and, furthermore, will adopt practical measures to put an end to their unbridled criminal behavior.

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CSO: 4205/7

MALAYSIA

KIT SIANG URGES ACTION AGAINST INDONESIAN ILLEGAL IMMIGRANTS

Selangor KIN KWOK DAILY NEWS in Chinese 11 Dec 85 p 1

[Text] Lim Kit Siang, secretary general of the Democratic Action Party [DAP], today urged the government again to look squarely at the Indonesian illegal immigrants' threat to our public order and to stop their influx into our country.

He pointed out that the government must no longer stand by with folded arms or else the problem affecting our public order will worsen as time passes.

Mr. Lim was commenting on a fist fight between Chinese youngsters and a group of Indonesian illegals which took place somewhere in Kuala Lumpur last night. To him, this was further proof of the serious threat to Malaysian security caused by the illegal immigrants from Indonesia.

Last night's incident was triggered by burglaries committed by Indonesian illegal immigrants against some inhabitants of a small town called Serdang. Angered by these burglaries, scores of Chinese youths banded together and marched toward a nearby construction site in search of Indonesian workers to vent their feelings.

A fist fight ensued, resulting in more than 10 persons being injured and a workers' dormitory being set on fire during the confusion. Order did not return until policemen arrived on the scene.

The besieged and beaten Indonesian immigrants fled to a rubber plantation. It is not known how many people were injured in the melee, but more than 10 have been sent to a hospital in Kajang County for treatment.

Local inhabitants decided to hold a protest meeting tonight, mainly to express their displeasure against the government for not taking any concrete measures to put an end to the influx of Indonesian illegal immigrants.

At the invitation of local inhabitants, Dr Tan Seng Giaw, DAP vice chairman, will lead a group of DAP Selangor state committee officials to attend the protest meeting and express their sympathies to the parents of the Chinese youths who got hurt in the fight.

MALAYSIA

REVISION OF POLICY ON INDONESIAN WORKERS CALLED FOR

Selangor KIN KWOK DAILY NEWS in Chinese 14 Dec 85 p 2

[Commentary: "Indonesian Workers Disturb Public Order"]

[Text] The other day, an unfortunate incident broke out in the new village of Serdang, Selangor State, during which some Indonesian workers were beaten. The situation was serious, and it aroused wide attention from the public.

Ever since the government permitted Indonesian workers to work in our country, this issue has become a popular topic for discussion. Leaving aside the controversial political factor, the question of Indonesian workers has indeed caused us a lot of trouble in the field of public order. Furthermore, the situation has become more and more serious, so how can we keep ignoring it?

We can definitely say that if we push the problem aside or if we fail to find an appropriate solution, a more serious unfortunate incident is bound to happen which will affect our entire country's security.

The reason for the beating of Indonesian workers was mainly due to the fact that some of them do not abide by the law; they committed robberies and rapes, thereby arousing the fury of local inhabitants who attacked the Indonesian workers in revenge.

As a matter of fact, the criminal activities of Indonesia workers or illegal immigrants are not confined to Serdang Village; they are also committed in other outposts throughout the country.

These disturbances have already evoked the anger of the masses. Although the public has lodged repeated complaints and protests with the police, the authorities have not yet found a solution to the problem, which is deplorable indeed.

We believe that in handling these incidents, the police authorities have not shown any vigorous attitude, merely using palliatives but no cures.

For example, when something untoward breaks out in a certain area, the police merely cope with it locally and get a temporary settlement. However, the police cannot guarantee that such an incident will not happen in another

locality. In other words, no measures are taken to prevent recurrences, and without the effectiveness of preventive measures, it is impossible to stop Indonesian workers from sabotaging public order forever.

We believe that the government should immediately stop the influx of Indonesian workers into our country and should simultaneously exercise stringent control over existing Indonesian workers to forestall the worsening and recurrence of similar incidents.

In fact, beginning 2 years ago our business market was hit by an economic recession, and many development plans had to be delayed and the demand for construction workers has been dropping, resulting in an increasing number of jobless people. In the long run, Indonesian workers will also be forced to join the ranks of the jobless.

On the other hand, due to the economic recession, many factories in our country have laid off their employees and laborers, thereby augmenting the number of people who are out of work. The government should look after these jobless citizens first.

Construction enterprises should also cooperate by hiring as many local laborers as possible. Although foreign laborers can be hired at a cheaper wage, thereby lowering the production cost, such a policy will lead to an increase in our jobless ranks and in criminal acts in our society, thereby creating a serious social problem.

Consequently, we call on the government to review the policy of importing Indonesian workers. We also urge our construction enterprises to help out from the side by hiring our own workers but not harming our long-range social tranquillity for the sake of immediate interests.

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CSO: 4205/7

MALAYSIA

AUSTRIA'S GRATZ VIEWS CAMBODIAN PROBLEM

BK011149 Kuala LUMPUR NEW STRAITS TIMES in English 30 Jan 86 p 2

[Text] Kuala Lumpur, Wed.--No proposal for a solution of the Kampuchean problem should be rejected in totality, Austrian Foreign Minister Leopold Gratz said today.

Mr Gratz, who is the new president of the United Nations-sponsored International Conference on Kampuchea (ICK), said all proposals should be studied carefully.

He said this in reference to the proposal of the Foreign Ministers of Vietnam, Laos and Kampuchea at their 12th ministerial conference held recently in Vientiane.

The Indochinese Foreign Ministers had proposed twin talks, one between the resistance group and the Heng Samrin regime, and the other an international meeting involving interested parties.

Mr Gratz told a press conference at the end of his four-day visit here that the Indochinese Foreign Ministers' proposal "should be analyzed carefully" as a further basis for negotiations.

He added that he personally agreed with Malaysia's proposal of proximity talks, which he said would be a measure of reconciliation of the Kampuchean factions -- the Sihanouk-led coalition Government of Democratic Kampuchea, the Khmer Rouge, the Khmer People's National Liberation Front, and the Heng Samrin regime.

"Without the real political will of these forces and without consultation with the people of Kampuchea, I don't believe any solution would be stable.

"A way has to be found in which the people of Kampuchea can determine the future of their country by themselves without foreign intervention," he added.

Asked if the squabble within the Kampuchean resistance group would have any effect on international support, Mr Gratz, who will be visiting Hanoi on the last leg of his five-nation tour, said he would try to find out the consequences of this development.

He added that he did not want to give hasty judgment but said that any sign of disagreement would weaken the united presentation for the struggle for the independence of Kampuchea.

Mr Gratz, who will be in Thailand and Indonesia before going to Vietnam, said he would be meeting his counterpart, Mr Nguyen Co Thach, in Hanoi.

He said his visit to Vietnam was similar to that of other countries -- to strengthen bilateral relations, politically and economically.

Mr Gratz, who met Prime Minister Datuk Sri Dr Mahathir Mohamad, Deputy Prime Minister Datuk Musa Hitam, Foreign Minister Tengku Ahmad Rithauddeen, and Deputy Defence Minister Datuk Abang Abu Bakar while here, said politically, he shared Malaysia's views on various world problems.

On economic relations, he said Malaysia was Austria's biggest trading partner in South-East Asia and "we aim to raise the volume of a bilateral trade".

He added that there were also several areas for Austrian-Malaysian co-operation and one such area was in tourism.

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MALAYSIA

COMMENTARY WELCOMES AUSTRIAN FOREIGN MINISTER

BK301013 Kuala Lumpur International Service in English 0800 GMT 30 Jan 86

/Station commentary/

/Text/ The Austrian foreign minister, Dr Leopold Gratz, is in Malaysia on an official visit and the event has much significance for relations between the two countries. Austria and Malaysia are relatively small nations with the federal system of government. While Malaysia is a member of the Nonaligned Movement, Austria follows a very strict neutralist policy in world affairs. At the same time, it plays a prominent part in contemporary international relations. The capital city, Vienna, is the headquarters of the Organization of Petroleum Exporting Countries, OPEC, in which Malaysia enjoys observer status, and of the International Atomic Energy Agency.

What is of particular interest to Malaysia at this time is the fact that it is in Vienna that the world conference on the drug menace will be held in 1987. The Austrian foreign minister and his Malaysian counterpart, Tengku Ahmad Rithauddeen have expressed their determination to see that the conference would make a big impact in the international community and will not result in mere resolutions and platitudes. Malaysia has a well-known commitment to curbing and stamping out the drug menace not only in its own country but worldwide. The Austrian support for this campaign is much appreciated by all Malaysians.

Another aspect of international relations in which there is a harmony of outlook between Malaysia and Austria is the issue of Kampuchea. Both countries have affirmed the need to keep the issue alive until an equitable political solution is reached. Austria at one time had the harsh experience of being occupied by an external enemy, namely the Nazis. Today it values and cherishes its recognized status as an independent and neutral nation as a result of the Austria State Treaty of May 1955. Therefore, Austrian statesmen fully sympathize with the Malaysian goal, endorsed by ASEAN, to turn Southeast Asia into a zone of peace, freedom, and neutrality into which the big powers will not intrude.

Although the volume of trade between Malaysia and Austria is not very large at present, there are indications that there will be an increased exchange of both goods and services in the near future. For example, Malaysia offers very attractive incentives to all foreign investors and Austrian entrepreneurs can take full advantage of such favorable factors. Malaysia is eager to adopt as well as

adapt the latest in technology for its own economic development, and in this area Austria has much to offer us as the economic reports mention impressive advances made by Austrian electronic, chemical, and vehicle industries. What is more, there are remarkable similarities in the organization of economic undertaking in both countries and Austria and Malaysia have liberal policies concerning the remittance of profits, dividends, interests, and royalties.

Tourism is another sector in which Malaysia can obtain valuable ideas from Austria as that industry is Austria's largest single earner of foreign exchange. More Austrians will be visiting Malaysia this year.

Dr Leopold Gratz's visit opens a new chapter in relations between Malaysia and the Republic of Austria.

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MALAYSIA

PAPERS COMMENT ON TASKS OF NEW MCA LEADERSHIP

Line MCA Must Take

Selangor KIN KWOK DAILY NEWS in Chinese 26 Nov 85 p 2

[Commentary: "Line MCA Should Take From Now On"]

[Text] In the Central Committee election of the Malaysian Chinese Association [MCA], the Tan Koon Swan faction made a clean sweep of all available seats, an indication that the majority of MCA delegates gave Mr Tan their support.

As a matter of fact, in the earlier MCA branch and regional elections, it was already clear that the Tan faction was in control of the entire situation. Therefore his complete victory in the Central Committee election came as no surprise.

However, viewed from the angle of a non-MCA member, the election was not a victory for the Tan faction, nor a failure for the Neo faction or Mak faction, but a kind of victory for the democratic system.

Twenty months have elapsed since the infighting in the MCA started in April 1984, the darkest stain since the party's founding.

This time around, the factional war not only caused the party to split wide open, but to invite disdain by the public--a real tragedy for the Chinese. Now a new leadership has been formed, which calls for rejoicing by the Chinese who entertain hopes that the MCA will henceforth be free from side issues or unexpected new problems.

Since its founding more than 30 years ago, the MCA has invariably stressed that it represents the ethnic Chinese people and fights for their rights and interests.

We do not deny that the MCA has made some contributions to the Chinese community. However, it has also lost them many political and economic rights and interests, which has caused them great disappointment and dejection.

One of the major tasks of its new leadership is how to regain the confidence and wholehearted support of the Chinese community.

The MCA is a political party and, as such, it cannot stand by itself. It must get the support of the majority of the Chinese people in order to have any meaning and to grow as time passes.

In business organization, the MCA may be likened to the executive body of a company, and the Chinese are members of the board. In other words, all ethnic Chinese are MCA's bosses, and the company must listen to their instructions in carrying out its tasks.

The MCA must walk this line, unless this party feels that it does not need the full support of the Chinese community.

What is more important is that the powers that be in this party should not regard MCA as an instrument to grab power, win promotions, and get rich. That would be selfish conduct at the expense of society, which will do nobody any good. For if our society is finished, how can the individual exist?

Strengthening the relationship between the MCA and the Chinese community is an urgent task. It is essential that a joint council be formed, composed of MCA leaders and representatives from Chinese educational, cultural, and business organizations.

The most important thing is that opinions expressed by these leaders should represent the wishes and aspirations of their respective organizations. Also, these civic leaders sitting in the joint council should enjoy the support of the majority of the members of their respective organizations in the first place.

In its fight to obtain the due rights and interests of Chinese society, the MCA should henceforth follow the wishes and efforts of the majority of Chinese organizations. Only in this way can it win the support of the entire Chinese community and grow stronger and powerful everyday.

#### MCA's Difficult Tasks

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 26 Nov 85 p 21

[Editorial: "Heavy Responsibilities of MCA's New Leadership"]

[Text] The MCA Central Committee election, which attracted the attention of the whole nation, came to a successful close on the 24th of this month. By a large majority, Tan Koon Swan defeated Neo Yee Pan and became MCA's seventh president. The Tan faction also obtained an overall victory for all Central Committee seats, including the women's and youth divisions.

Judging by the results, the entire election was a battle between factions, not between individuals. Although such an election system does not coincide with the principle of "electing the wise and the able" and is not conducive to the party's growth and development, the serious partisan war between the Tan and Neo factions in the past 20 years has developed

into an intense factional consciousness. So we can understand why the election was a choice between factions and not between individuals.

After he won the post of MCA president, Tan Koon Swan appointed Neo Yee Pan and Mak Hon Kam as members of the Central Committee. Basically, this was a correct and wise decision. We have said in the past that, under the prevailing domestic situation, the MCA cannot withstand another crisis; it has reached its limits for survival. Appointing Neo and Mak as Central Committee members not only reflects Tan Koon Swan's political generosity but will also ease the tension of the interrelationship among the new Central Committee members. This in turn will revive the party's vigor to face the forthcoming general election. Tan's move carries great significance.

In all fairness, halting the past disgusting infighting is a common responsibility of the new MCA leadership, and also a universal aspiration of Chinese society and the National Front. As both Neo Yee Pan and Mak Hon Kam are important figures in the MCA, it stands to reason that they calmly consider the kind offer to sit as Central Committee members. We hope they will make all necessary efforts to say yes.

Now that the dust of the election has settled down, the new MCA leadership under Tan Koon Swan will shoulder heavier responsibilities than his predecessors. This is not only because of the past 20-month-long catastrophe suffered by the party but also due to the fact that our country and the Chinese community are faced with relatively serious and complex problems since we regained independence. Consequently, we hope that the new MCA leadership can strengthen its party organization, invite the wise and the able to pitch in, strive for the rights and interests of the Chinese community, and make contributions to the nation's effort in overcoming difficulties.

We believe that the new MCA leadership will pay attention to the bad effects of factionalism, because by overstressing factionalism or factional interests we can be headed toward a serious anti-outsider movement, which would be detrimental to MCA's unity and development.

The current MCA leadership should also make an in-depth study of various problems which are dear to the hearts of the public, even though the leader, who is widely involved in business and economic benefits, is facing a major problem himself. In particular, we would like to know whether the new MCA leadership can firmly maintain its ground when striving for the basic rights and interests of the Chinese at the sacrifice of selfish interests.

At present, the organizational strength and relationship with the Chinese community of the MCA leadership are stronger than the past leadership. If the new leadership can get rid of factionalism and overcome the ill effects of economic profit, the MCA will be able to accomplish many things.

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MALAYSIA

# NEW MCA LEADERSHIP APPOINTMENT OF OLD OFFICIALS LAUDED

Selangor KIN KWOK DAILY NEWS in Chinese 10 Dec 85 p 2

[Commentary: "The Style of Work of the MCA's New Leadership"]

[Text] The new leadership of the Malaysian Chinese Association [MCA] held its first Central Committee meeting last Saturday. Besides appointing seven new members, the meeting announced the list of responsible persons for the party's various bureaus.

Among the seven appointees, three came from the Mak faction, two from the Neo faction, and one from the Tan faction.

Of course, the new leadership must have thought the appointment over thoroughly before assigning dissident people to important posts. On the surface, this work style can salvage the split among MCA's basic-level members and strengthen the party.

Such a style also indicates the new leadership's magnanimity, as reflected in the Chinese saying that "the stomach of a mean person cannot hold a pig, while that of a real gentleman can be used to sail a boat." By accepting dissidents, the MCA has written a glittering page in its development.

However, the appointments were announced unilaterally. Will the appointees accept the offers? That is still in doubt.

Up to now, six of the seven appointees have not indicated their acceptance or rejection in public. What attracts our attention is that Datuk Dr Neo Yee Pan, former acting president of the MCA, is at the moment on vacation overseas, and he will not make any decision one way or the other until he returns home.

However, this magnanimous style of the MCA's new leadership has brought forth opposition from its rank-and-file members in certain regions, an indication that this style is not supported unanimously. But this opposition represents only a small minority. As a matter of fact, it is difficult to obtain 100 percent support for any decision on any issue.

Judging by the recently announced list of officers, Datuk Ling Liong Silk and Datuk Lee Kim Sai will have heavy responsibilities in the party. Besides sitting as MCA deputy president, Datuk Ling was appointed chairman of the MCA Malacca state liaison committee and head of its education bureau and discipline subcommittee. Datuk Lee, apart from becoming MCA vice president, also assumes the post of secretary general, chairman of the MCA Selangor state liaison committee, and head of its special affairs subcommittee.

Tan Koon Swan himself did not assume chairmanship of any state committee, but as president of the party, he holds the greatest power of them all. At the same time, he handles the work concerning consultation activities with the Chinese community, an indication that the MCA attaches great importance to Chinese society.

As a matter of fact, all important departments within the party, such as the organization secretariat and day-to-day administration, are assigned to Tan Koon Swan's trusted subordinates. Wong Choon Wing, the current organization secretary, was Tan's troubleshooter when the latter assumed the post of MCA Federal Territory Committee chairman in the past and was also Tan's right-hand man during the recent infighting among MCA factions.

Michael Yeoh Oon Kheng, MCA's administrative director, was also one of Tan's assistants during the latter's early political life. In the past, the term "administrative director" was known as "executive secretary general," and such a person is responsible for all the party's real work.

From the above-mentioned assignment of posts, Tan Koon Swan himself controls all important work of the entire party, especially affairs involving the party's basic-level organization.

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MALAYSIA

VOPM VIEWS PROBLEMS IN TRADE TALKS WITH PRC

BK300410 (Clandestine) Voice of the People of Malaysia in Malay 1230 GMT  
29 Jan 86

["Domestic Events"]

[Text] Malaysia and China failed to sign a trade agreement during Mahathir's visit to China. No progress has been made toward an agreement since. China objected to the terms of the agreement which requires that a special import permit be issued before Chinese goods are exported to Malaysia. China views the agreement as an unequal accord.

Since 1971, the Malay bureaucrat capitalist class has been involved in Malaysian-Chinese trade through Pernas [National Trade Corporation] which is in charge of importing goods from China. An importer must apply for a special import permit from and pay a 0.5 percent commission to Pernas to import goods from China. However, no such regulation is set for trade dealings between Malaysia and other countries. Obviously, the regulation is the Kuala Lumpur regime's discriminatory policy toward the import of Chinese goods. The Chinese Government opposes this illogical regulation.

The 2-M [Mahathir-Musa] government is in a hurry to sign a bilateral trade agreement because it needs a strong injection into its economic and financial system which has been beset by various difficulties. The signing of this agreement has been delayed at present due to the dispute within the UMNO [United Malays National Organization] ruling clique. Particularly, Pernas has refused to abolish the regulation requiring a special import permit for Chinese goods. Pernas' refusal to do so is understandable because once a Malaysian-Chinese trade agreement is signed, it will lose its role as a middleman. This means that it will lose annual earnings of two million ringgit through its privileges and be replaced by a joint council of the Sino-Malay chambers of commerce and industry headed by Nawawi and (Li Boon Seng) in conducting trade with China.

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MALAYSIA

VOMD EDITORIAL MARKS ARMY ANNIVERSARY

BK210510 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT 30 Jan 86

[Station editorial: "Fight To End the War Against the People Being Waged by the Reactionaries and Establish a Democratic Coalition Government"]

[Text] The 37th anniversary of the establishment of the Malayan People's Army [MPA] is 1 February. Our compatriots warmly commemorate this noble day of historical significance through various activities.

After World War II, the British imperialists reestablished its colonization over Malaya. Faced with the general political consciousness of the Malayan people and the growing anticolonial forces, the British imperialists conducted mass persecutions and arrests of revolutionary elements and declared a state of emergency throughout Malay on 20 June 1948. Brandishing their slaughtering swords, the British imperialists imposed a counterrevolutionary colonial war on our people. The Communist Party of Malaya [CPM] unswervingly led the people of all nationalities in the country to take up arms to face the armed oppression of the British imperialists. With former commanders and soldiers of the Malayan People's Anti-Japanese Army as the nucleus, armed units were established in various states to wage a courageous armed resistance. The flames of the people's war were ablaze throughout the country. Thus, our national revolution entered an historical stage, i.e., the anti-British national liberation war. The MPA and its general command were officially established on 1 February 1949. Ever since, 1 February has become the birthday of the people's armed forces and a day of great pride for our people of all nationalities.

Since its establishment, the MPA has been a CPM-led People's Army comprising the best sons and daughters of all nationalities and has been fighting for the interests of the people of all nationalities. The army inherited and developed the noble historical tradition of the patriotic and farmers' wars recorded in our history and of the anti-Japanese national liberation war waged during World War II. The army held high the banners of struggle against British colonialism and for the people and national liberation. With the strong support of the people of all nationalities and through bloody battles lasting for more than nine years, the Malayan National Liberation Army [MNLA] severely undermined British colonialism in the country. The British imperialists were forced to recognize the independence of the Federation of Malaya in 1957 and to end their direct rule over Singapore in 1959. However,

rather than truly recognizing our independence, the British imperialists handed over political power to the reactionary forces they had cultivated. The reactionaries representing the interests of the big landowners and the big comprador capitalist class inherited the cloaks of their imperialist masters and continued to impose the British-sponsored counterrevolutionary war against the people of our country.

Over the past 28 years, the stubborn reactionaries waging the reactionary war have dreamt of eliminating the CPM and the CPM-led people's armed revolutionary forces and strangling democracy and the people's freedom through counterrevolutionary violence to preserve the plundering interests and dominant position of the bureaucrat and comprador capitalist class. They have talked nonsense and slandered the CPM by saying it is warlike. As the public knows, the MNLA General Command in May 1955 released an enemy statement which warmly called for an end to the war and the realization of the independence for our country. Later, the CPM and Tunku Abdul Rahman held negotiations in Baling in December of the same year. During the negotiations, the CPM delegation led by Comrade Chin Peng sincerely expressed the CPM's support for Tunku Abdul Rahman's departure for London for talks with the British imperialists and stated that the CPM was prepared to end the war provided our country would become independent. Despite having the CPM's support for his talks with the British imperialists on independence for the country, Tunku Abdul Rahman accepted the British imperialist conditions by promising to continue the British-sponsored counterrevolutionary war against the people of our country in order to eliminate the CPM soon after the country became independent. Abdul Rahman's treason against the CPM to preserve the economic and political interests of the reactionaries contravened the morality of a honest man.

Prior to and after the Federation of Malaya became independent on 31 August 1957, the CPM repeatedly issued statements expressing its just stand on the need to end the war. However, the calls were rejected by the then Alliance Government. The domestic war has been continuing to the present because the Alliance and Barisan Nasional governments with the United Malays National Organization [UMNO] clique as their nucleus have been and still are waging a war to eliminate the CPM.

On 29 April last year, the CPM issued a statement entitled "Fight For the Realization of the present Special Program." The statement reiterated the CPM's just stand to end the war against the people being waged by the Kuala Lumpur government. Nonetheless, the Kuala Lumpur government persists in its illogical stand of continuing this war. Faced with violent oppression by the reactionaries, the CPM must definitely hold high the banners of the armed revolutionary struggle and exert every effort to develop the people's war to counter the counterrevolutionary violence with a revolutionary violence in defense of democratic revolution and the people's freedom.

Thanks to the full support of the people of all nationalities, the MNLA eventually succeeded in establishing bases in the border areas in addition to establishing guerrilla areas in vast regions of northern and central Mayala. The consciousness of the people of all nationalities and the mass movement to defend and fight for the pressing economic and political interests have been

growing as the armed struggle is successfully defended and developed. The fervor of the progressive mass movement represented by the Labor Party and the People's Party in the 1960's, the struggle of the Malay peasants, students, and intelligentsia in the 1970's, the continuing birth of the labor movement, and the emergence of opposition parties and people's organizations to defend and fight for the people's democratic rights in recent years have been important indications of the development of the patriotic and democratic forces of the people of all nationalities in our country over the past 20 years.

During the past year, the patriotic and democratic movement reached a new stage. This included the growing consciousness of the Malays and Muslims following the constitutional crisis; a dialogue sponsored by Aliran [independent reform movement] to counter corruption, and poverty, defend parliamentary democracy, and demand the abolition of the Internal Security Act and the 1975 Security Cases Amendment Act; information campaigns by the Pan Malaysian Islamic Party; the struggle of hundreds of thousands of civil servants for pay raises; the Muslim struggle in Kampung Memali, Baling in Kedah against the bloody repression of the reactionaries; and the Chinese and Indian struggle for the defense of their proper communal interests.

On the occasion of the 37th anniversary of the army on 1 February, let us once again extend our highest revolutionary respects to the MPA which has made everlasting contributions to the independence of our country! We are seeing an increasingly favorable situation for our people. The Barisan Nasional government with the UMNO-led clique as its nucleus is becoming increasingly unpopular. Its conflicts with the people of all nationalities have further intensified.

We are confident that during the new year all MPA commanders and soldiers will make even greater efforts to unite with the people in the struggle to push ahead the patriotic and democratic movement, and the war against the people being waged by the reactionaries, and establish a democratic coalition government.

/12913

CSO: 4213/89

MALAYSIA

BRIEFS

AUSTRIAN FOREIGN MINISTER DEPARTS--Austria intends to increase the volume of trade with Malaysia. Its foreign minister, Mr Leopold Gratz, says Malaysia is Austria's biggest trading partner in Southeast Asia. He hopes more Austrian investments and joint ventures will be established in Malaysia to cope with cooperation between the respective chambers of commerce. He was speaking at the news conference in Kuala Lumpur at the end of his 4-day visit to Malaysia. He also says Austria is willing to cooperate in assisting Malaysia in developing the tourist industry. The minister left for Bangkok this morning. /Text/  
/Kuala Lumpur Domestic Service in English 1130 GMT 29 Jan 86 BK/ 12228

TIN MARKET TO REOPEN TRADING--Kuala Lumpur, 28 Jan (OANA-BERNA)--The Kuala Lumpur Tin Market (KLTM), closed since 25 October last year, will resume trading in physical tin contracts from Monday /3 February/. In a statement Tuesday, KLTM said that this had been agreed to by the board on 24 January. It said the board believes that the resumption of trading and the availability of a price reference point will be commercially "meaningful" to the industry long devoid of a free market. The KLTM closed following the suspension of tin trading at the Long Metal Exchange on 24 October when the ITC buffer stock manager ran out of funds for his price support operations. The KLTM said Tuesday however due to several uncertainties, it was considered that initially dealings would be limited to 150 tons daily which was the typical presuspension turnover. This limit would be reviewed or withdrawn as soon as practicable, it added. It also said that tin contracts sold to the International Tin Council (ITC) via the Kuala Lumpur Tin Market (KLTH) prior to the suspension, and not settled, will not be permitted to be resold in the KLTM when it reopens for trading because of the ongoing ITC discussions on this issue. Prices and turnover would be published daily as in the past. /Text/ /Kuala Lumpur OANA-BERNA 1418 GMT 28 Jan 86 BK/ 12228

TIN MARKET REOPENING WELCOMED--The Malaysian tin industry has welcomed the announcement for the reopening of the Kuala Lumpur Tin Market on the 3d of next month. Officials hailed the move as timely and bold. They say the industry urgently needs a reference price for the metal in the face of a proliferation of gray market. Industry officials expect the London Metal Exchange /LME/ to lift the 3-month suspension of tin trading on the same day or shortly afterwards. West Germany, Holland, and Belgium have given their support for the International Tin Council /ITC/ to negotiate its way out of the present difficulties. The ITC owed brokers and bankers 300 million pound sterling when the bufferstock

manager ran out of cash to continue his support operation, triggering a suspension of tin trading on the LME on 24 October of last year. /Text/ /Kuala Lumpur International Service in English 0600 GMT 30 Jan 86 BK/ 12228

RADIO BROADCAST SERVICE INCREASE--Information Minister Datuk Rais Yatim says that Radio Malaysia will launch 24-hour monophonic FM broadcasts throughout the nation on 1 February. He hopes that the increased air time will be accompanied by an increase in listeners and an improvement in the quality of the broadcasts. He adds that, with the 24-hour monophonic FM broadcasts, listeners in rural areas will enjoy better reception. Monophonic FM broadcasts are currently on the air for 18 hours. /Summary/ /Kuala Lumpur International Service in English 0800 GMT 30 Jan 86 BK/ 12228

PAS MEMBERS JOIN UMNO--About 100 former PAS /Pan Malaysian Islamic Party/ members and supporters have crossed over to UMNO's /United Malays National Organization/ newly formed Kampung Tambak branch at Lahar Yooi near Butterworth. The majority of them were members of local PAS branch. Among them was one of those who set up the branch. Penang State UMNO chief and national UMNO vice president Datuk Abdullah Ahmad Badawi witnessed the oath taking ceremony on 26 January. /Summary/ /Kuala Lumpur NEW STRAITS TIMES in English 28 Jan 86 p 3 BK/ 12228

SUBMARINE PURCHASE REQUIRED--Kuala Lumpur, Jan 31 (BERNAMA)--The Royal Malaysian Navy [RMN] requires a submarine with which it can protect the country's waters more effectively in the event of foreign incursion, new Chief of Navy Vice Admiral Abdul Wahab Nawawi said Friday. A submarine was more easy to man than other war surface-vessels and required a crew of not more than 30, he told reporters after taking over from his predecessor, Vice Admiral Mohamed Zain Mohamed Salleh, who is retiring. He said a submarine required only two types of weapons compared with three for a surface vessel, while the cost of arming a submarine was 70 percent of what would be needed for a conventional warship. "I am not saying the RMN is buying a submarine in view of the current economic situation, but if given the allocation and the choice I would go for a submarine," he said. [Kuala Lumpur BERNAMA in English 0824 GMT 31 Jan 86 BK] 12624

SUIT FILED AGAINST TAN KOON SWAN--The American Express Bank Limited has filed a 12.45 million ringgit suit against Malaysian businessman-tycoon Tan Koon Swan, who is facing 16 charges of abetment to criminal breach of trust, cheating, and share market (?rigging) in Singapore. In the first major civil suit against Mr Tan, the bank claimed that the guaranteed amount 12.07 million ringgit plus interest for banking facilities made by it to a company called Cornwall Investment Private Limited, of which Mr Tan is the director. By 23 December, Cornwall was indebted to the bank to the tune of 12.45 million ringgit, including interest. The bank sent the company a letter demanding payment on the 2d of last month, but neither Cornwall or Mr Tan had paid the money owed it. The Singapore financial daily BUSINESS TIMES reported that the writ was filed by the law firm (Allen & Michele) on behalf of the bank on Tuesday, 2 days before Mr Tan was charged with nine additional charges following the initial six charges brought against him by the Singapore authorities. The bank is claiming 12.45 million ringgit from Mr Tan plus cost and interest from 23 December at 11 percent per annum or interest provided for under the civil law act. [Kuala Lumpur International Service in English 0800 GMT 1 Feb 86 BK] 12624

NEW CALEDONIA

AUSTRALIA VITAL TO STOPPING ARMS SMUGGLING

Melbourne THE AGE in English 2 Jan 86 p 1

[Article by David Elias]

[Text]

Kanak freedom fighter Jean Peu yesterday pleaded for more stringent searches of all vessels and aircraft moving between Australia and his strife-torn island home of New Caledonia.

Mr Peu said that his fellow Kanaks believed that white French settlers had been building up stores of weapons and ammunition for several years in preparation for an armed resistance to any moves by France to grant independence to the colony.

"It may be already too late but Australian authorities are our only hope of stopping the smuggling of weapons. In New Caledonia the settlers control the police and the Customs so they are not going to stop any shipments from coming into the country."

Mr Peu said that Australia was the obvious place for the crews of yachts and commercial vessels to purchase arms for the New Caledonian settlers. It was both the easiest and nearest country to the colony.

His pleas for help from the Australian government follow the discovery of ammunition aboard the Noumea owned freighter, Ile de Lumiere, in Auckland earlier this week. The cache, found during a random search of the vessel by New Zealand Customs, has been linked to

two documented attempts by French nationals to smuggle weapons from Queensland aboard yachts bound for New Caledonia. Yesterday, a Customs team in Auckland found two military-style walkie-talkies aboard the Ile de Lumiere in a further search for arms.

Mr Peu, a big man with a soft French accent, is the Kanak Independence Front's representative in Australia. At a house in a Melbourne inner suburb which he asked should not be revealed, he said he had been here for eight months and his job was to publicise the movement's cause and make representations to the Australian Government.

He said that if the moves towards independence, which had already resulted in violence, erupted into an all-out confrontation the native Melanesian Kanaks would be at a distinct disadvantage.

"The Kanak people do not have the means to leave New Caledonia to buy weapons. We do not have yachts like the Caldoches (white settlers). We do not run the shipping company and we do not control the police and the Customs authorities."

He claimed that the build-up of arms had been going on for several years and the white settlers had adequately supplemented a

store of weapons left by the United States army garrison at the end of the second world war. These weapons, he claimed, had been kept in perfect condition and had been used to train the Caldoches.

He said that a gendarme sent to New Caledonia from Paris had been shot by the Caldoches because he had found out about the arms trade. "He was shot 10 metres from his house in Gomen before he had time to submit a report."

Mr Peu then said: "At that time the idea of buying and storing arms sounded impossible. There had been demonstrations by the Kanak people but France had a new socialist government and President Mitterrand had promised us independence. We were optimistic that we could negotiate an agreement and had no idea that the Caldoches intended to resist with force."

Since then the Kanak people had discovered that the settlers had been using every means possible to illegally import weapons. For a while it was believed that they had used a bulk carrier employed to transport nickel from the colony's mines and more recently had used the Ile de Lumiere. Both vessels had been regular visitors to Australia and New Zealand.

NEW CALEDONIA

KANAK TRIP TO LIBYA IN DOUBT

Sydney THE SYDNEY MORNING HERALD in English 6 Jan 86 p 5

[Article by Mark Baker]

[Text]

NOUMEA, Sunday: A planned visit to Libya by leaders of the New Caledonian independence movement is in doubt after a rift between the parties in the coalition.

The major party in the Kanak Socialist National Liberation Front (FLNKS) coalition has disassociated itself from the plan for a six or seven-member delegation to attend a conference of liberation movements in Tripoli early this year.

In a statement yesterday, the Caledonian Union party said it would not be involved in the Libyan mission and the proposal did not have the backing of the FLNKS political bureau.

The statement said the matter had not been discussed by the FLNKS leadership and any members who went to Tripoli could travel only as private individuals. It said the FLNKS had no alliance with the Libyan Government and there would be no difficulty in refusing the invitation.

Last week, a prominent FLNKS official, Mr Yann Uregui, said he would be leading a delegation to the conference to develop contacts with other world independence movements and publicise the independence struggle in New Caledonia.

● In Canberra today, a spokesman for the Kanak Independence Front, Mr John Peu, said Kanaks had never received weapons or other assistance from Libya. He said the decision to attend a summit of "liberation movements" was being misinterpreted.

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CSO: 4200/615

NEW CALEDONIA

ANTI-INDEPENDENCE GROUPS' PLANS, CAPABLY REPORTED

Melbourne THE AGE in English 7 Jan 86 pp 1, 8

[Article by Mark Baker]

[Text]

NOUMEA, 6 Jan. — A network of armed right-wing vigilante groups is being developed in New Caledonia to fight independence supporters in the French territory.

The groups are believed to have been responsible for a dozen major bomb attacks on buildings in Noumea, the fire-bombing of several pro-independence leaders' cars and other widespread acts of political harassment in the past year.

One of the most extreme groups, the Forces Caledoniennes Libres (FCL), has circulated a secret manifesto urging an expanded campaign of urban terror including political assassinations. The document includes a "hit list" with the names of more than 20 government officials, businessmen and politicians, including the principal leaders of the Melanesian independence movement, FLNKS.

It recommends "total action" against such individuals and that the bodies of victims be fed to sharks: "The ideal is total disappearance . . . so as to increase the impact and the anguish of the unknown."

While the exact strength of FCL is unknown, it is believed to be one of several interrelated underground groups in Noumea committed to undermining the French Government's plans to move the territory towards independence.

Police intelligence analysts estimate there are as many as 500 people prepared to support violent opposition to independence. These include many white settlers who fled to New Caledonia after fighting independence in Algeria.

Authorities believe the groups were behind a renewed series of terror attacks in Noumea in recent months. These include the bombing of the central court building and a petrol bomb

raid on the headquarters of FLNKS by about 15 men disguised in army fatigues and motorcycle helmets.

The court attack, early on the morning of 4 December, was the biggest bombing to date. Most of the complex was levelled after more than 50 kilograms of explosives were detonated under the chair of the chief judge. Two nights earlier a bomb destroyed the car of Norbert Caffa, a leader of FLNKS. Last week a further bombing wrecked the car and the front of a shop owned by Gerald Cortot, another FLNKS leader.

Last Thursday police arrested a 40-year-old public servant and former paratrooper as he was about to board a flight to Paris. He was charged with illegal possession of weapons and conspiring. Police told a preliminary court hearing that the man was suspected of involvement in the court bombing and the fire-bombing of Gerard Cortot's car.

They said a search of his house had uncovered "suspicious items" including an unregistered 9mm pistol and notebooks with names of people arranged by district, some of them designated as leaders and deputies. They also said a map of New Caledonia had been found with code numbers and a schedule listing hours and places.

The FLNKS has now begun organising its own network of neighborhood security committees. A senior FLNKS leader, Mr Yann Uregei, said their supporters had a small supply of legal weapons which they could use to protect themselves if necessary. "We have received a lot of threats; our leaders are being threatened wherever they go," Mr Uregei said. "Security has become very important. We must prepare ourselves now."

More than 20 people have died in New Caledonia since the upsurge in violence between pro and anti-independ-



actions a year ago. Much of the violence was exacerbated by FLNKS campaigns which drove more than 2000 white settlers from their land in rural areas. There has been little violence in the rural areas since FLNKS won control of three new regional governments in elections last September.

But the French authorities fear a worsening round of urban conflict following the most recent spate of bombings in Noumea.

The extremist group appears to be well-armed, skilled in explosives and effective in maintaining the secrecy of its operations. The police have been able to solve only one of the bombing cases in the past 12 months. During a house raid which led to the capture of the two men involved in that case, police discovered a cache of three bombs, 15 automatic pistols, three rifles and a big supply of ammunition.

The sale of guns and ammunition has been banned since the upsurge in violence a year ago, but there are still more than 40,000 registered guns among New Caledonia's population of 145,000.

Authorities in New Caledonia and Australia discount claims that there is a serious problem with the smuggling of weapons despite the discovery in Queensland last year of two weapons caches aboard yachts bound for Noumea.

With an effective coastal surveillance system and liaison with Australian police, the New Caledonian authorities are confident that they can counter any significant arms-smuggling operation. But their concern is that there are already sufficient stores of private arms and ammunition in the hands of the right-wing extremists to fuel a major civil conflict.

The former French High Commissioner in New Caledonia, Mr Edgar Pisani, warned last May of the danger of "violent confrontation" wrecking the French Government program to move New Caledonia towards independence. "I know that a very dramatic incident is possible at any time on this island. I know that such an incident could destroy the positive evolution of opinion (towards independence)," Mr Pisani said.

Right-wing groups advocating firm opposition to independence have become more visible and outspoken since the September elections, in which the

far-right National Front won more than 8000 votes in Noumea.

A new group, the New Caledonia Patriotic Action Committee, claiming 1000 card-carrying members, was formed at a public meeting in Noumea in mid-November. Its president is Mr Justin Guillemard, a white farmer and territorial congressman for the mainstream neo-Gaullist party RPCR.

The committee's public manifesto urges firm resistance to keep New Caledonia a French territory: "We act not to create a private army as a substitute for the forces already in place, but to organise a patriotic reserve."

Mr Guillemard told 'The Age' today that the committee's members would not initiate violence. But he said they were preparing themselves to fight back against any fresh provocation from FLNKS supporters. "If the violence of last year happens again there will be a big clash. We are well prepared to oppose them by all means, and that means all means," he said.

"This is our country and we have the right to defend it if people try to snatch it from us. We are prepared to die if necessary."

Mr Guillemard said the committee had already established a network of more than 100 supporters ready to rush to the defence of any settlers whose farms were attacked. He said the network was well coordinated, mobile and had access to weapons.

"If suddenly I hear that there is a problem, say, 100 miles north of Noumea, we can have a group ready to go within an hour and they can quickly call in reinforcements," he said.

"In theory no one is supposed to carry weapons, but when we know people are in danger our people will see to it that they have protection . . . We will not go empty-handed and we will shoot back if shot at."

## Bars

While Mr Guillemard stressed that his organisation was committed to working within the law, other prominent members of the committee have privately claimed responsibility for an incident in late October when more than 200 Europeans, co-ordinated with two-way radios, raided a number of bars and nightclubs in Noumea, attacking Kanak patrons.

Police intervened to prevent a riot, but they have still not arrested the ringleaders of the operation. They appear to have been even more powerless in tracing the most extreme underground groups like FCL.

Since its formation at least six months ago, FCL has urged the setting up of cell groups of three or four people to undertake terrorist raids, especially against prominent FLNKS people.

Its 18-page, computer-printed manifesto claims that New Caledonian "loyalists" have the constitutional right "to oppose by force the dictatorship that is progressively being enforced . . . by the liars, cheats and liards" of the French Government.

It outlines a program of terrorist raids against supporters of independence and their property "to annihilate the objectives of FLNKS."

It details actions to make FLNKS supporters feel "hunted and in fear," including attacks on houses, cars and gardens. And it lists further "hard actions," including arson, bombings and assassinations.

On assassinations, the document says: "The ideal is total disappearance, throwing the bodies to the sharks will not leave any clues and increase the impact and the fear of the unknown."

It also says: "It is necessary for you to take certain risks for your country. Unhappily, the time has come for us to fight."

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CSO: 4200/615

NEW CALEDONIA

DEATH OF REBEL LEADER PROBED

Melbourne THE AGE in English 8 Jan 86 p 11

[Article by Helen Fraser]

[Text]

EVIDENCE has emerged which suggests that Kanak independence leader Eloi Machoro, shot dead a year ago, was killed by French gendarmes on their own initiative.

Mr Machoro, 40-year-old leader of Union Caledonienne, was killed on 12 January 1985 by police marksmen.

Union Caledonienne, the largest independence party in New Caledonia, last month took legal action which won it access to ballistic reports on the shooting of Mr Machoro and another militant, Marcel Nonnaro.

The reports suggest that the police marksmen — who claim to have been ordered to "neutralise" rather than kill the men — used weapons unsuited to the task.

Also, lawyers for the Machoro family and Union Caledonienne say there is no trace of an order to neutralise, either from French special envoy Edgard Pisani or from the marksmen's police superiors.

Mr Nonaro and Mr Machoro, security minister in the provisional Government of Kanak, died when gendarmes besieged a Kanak-owned property near La Foa, on the west coast of New Caledonia.

The siege followed a night of riots and arson in the capital, Noumea, after the shooting of a white farmer's son by militants of the Socialist Kanak National Liberation Front (FLNKS).

During the riots, Mr Pisani received information that a European property was surrounded by Mr Machoro and about 40 armed FLNKS militants.

FLNKS says the group, which included women and children, was meeting on the property and had no time surrounded the European farm further down the road.

Within hours of Mr Pisani receiving the information, the first platoons of gendarmes arrived at the Kanak property. There were long talks between Mr Machoro and the commander of the gendarmes, about 300 of whom were deployed, backed up by armored personnel carriers.

According to Kanak and French accounts, the situation after the talks was stable, with the militants inside a house on the property.

However, the Noumea-based general in charge of operations, General Deiber, received a call from the scene requesting that marksmen be brought by helicopter.

At the time of the request the marksmen were protecting the French high commissioner's residence in Noumea from rioters.

The decision to transfer some of the marksmen to La Foa points suggest that a crisis message was sent by the officer in charge at the scene.

Yet Mr Machoro and his men did not perceive a crisis. A decision was taken to send away the women and children, who were allowed to leave unhindered by the gendarmes.

Orders were given to remaining militants that no shots were to be fired unless the gendarmes fired first.

Meanwhile, Mr Machoro sent a messenger to a nearby FLNKS member with a telephone to ask Mr Pisani urgently for a truce.

The message was phoned from La Foa to the home of an FLNKS official in Noumea. Since there was no chance of a Kanak messenger getting through the riots of Noumea to the high commission, the message was given to a French public servant to transmit to Mr Pisani.

The public servant has said he gave Mr Pisani the message: "Either give us a truce or

FLNKS will move into the third phase" (that of armed struggle).

Although a spokesman for Mr Pisani said no such message was received, Mr Pisani said recently that he received only the second half of the message.

Certainly, at the time of the message, Mr Pisani had much to cope with — the riots, buildings burning opposite his residence, exhausted and wounded riot police.

A source in the operations room set up during the emergency in Noumea described Mr Pisani as "a man stunned by the events, who eventually went to bed".

Meanwhile at La Foa, Mr Machoro was waiting for a reply from Mr Pisani.

Instead, at 5:30 am on 12 January and after warnings by gendarmes, teargas and stun grenades were fired at the FLNKS group.

At 6:10 am police marksmen opened fire, hitting Mr Machoro in the chest and Mr Nonaro in the abdomen. Both men died instantly.

Mr Machoro was shot as he stood near a fence on the property, his gun slung casually over his shoulder. A marksman is reported to have said: "I've just shot the ape in sunglasses".

The other militants surrendered immediately to the gendarmes. Marksmen said later that they had aimed at their victims' shoulders and had killed the men accidentally.

First official French accounts of the killings said several militants were wounded. A second version said Mr Machoro was "shooting his way out of the house" and a third version that the militants opened fire after the 6:10 am warning.

A fourth and final version dropped the claim that shots were fired by the militants but said Mr Machoro had his gun in a firing position when shot.

The view that decisions were taken further down the line than Mr Pisani is supported by the lack of preparedness shown by the French high commission in that it released four different versions of the shooting.

The inquiry into the killings, by a French ballistics expert, Professor Ceccaldi, found that the weapons used by the marksmen, FRF1 sniping rifles, were "inappropriate for a neu-

tralisation shot" because of "inadequate" telescopic sights".

Professor Ceccaldi said also that the 7.5 millimetre bullets used by the marksmen were not intended for neutralisation shots. Nor were the shots fired from a fixed position (normal for a neutralisation attempt), he said. The marksmen had rested their rifles on the shoulders of colleagues.

Professor Ceccaldi said the marksmen had said the target "moved constantly", which meant there was considerable risk that Mr Machoro would move at the instant of firing.

Questioned about the use of an FRF1 for a neutralisation shot, an Australian Army expert said the weapon was a "slow, obsolete sniping rifle made in 1949".

"It is ridiculous to talk about a neutralisation shot," he said. "There is no question of incapacitating someone without the risk of killing them. It's nonsense to talk about being able to guarantee wounding someone with this gun rather than killing them — you only need a side wind to change things."

Lawyers for Mr Machoro's family allege that transcriptions of military radio communications on the night of the shootings reveal no trace of a request by gendarmes to open fire, nor any trace of Mr Pisani giving an order to shoot.

Leaders of Union Calédonienne said recently that the killings of Mr Machoro and Mr Nonaro were decided by gendarmes under pressure from the local settlers and seeking revenge.

Mr Pisani said later that he had tried, unsuccessfully, to meet Mr Machoro just days before his death.

About three months after the shooting, Mr Pisani visited a former Machoro stronghold.

When Kanak militants and members of the Machoro family again accused him of responsibility for the killing, he replied: "I salute Elol Machoro — he died in combat and as such he deserves respect."

Mr Pisani said he accepted responsibility for Mr Machoro's death but added: "We did not intend to kill him, . . . I bow before his mortal remains".

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CSO: 4200/615

NEW CALEDONIA

KANAK RADICALS PLAN TO ISOLATE NOUMEA REPORTED

Melbourne THE AGE in English 10 Jan 86 p 6

[Article by Mark Baker]

[Text]

NOUMEA, 9 Jan. — Radical black leaders in New Caledonia are preparing a strategy to isolate Noumea and declare unilateral independence in the rest of the territory if France back-tracks on decolonisation.

Under the strategy, described as 'the mousetrap', pro-independence Melanesians would sever critical supplies of water and nickel ore and block road links to the capital.

The objective would be to cripple supply lines to Noumea and force right-wing opponents of independence to either negotiate or quit the territory.

Details of the strategy have been outlined to 'The Age' by sources close to the top leadership of the pro-independence coalition, FLNKS (Kanak Socialist National Liberation Front).

Following elections last September, FLNKS is already in control of three powerful new regional governments administering virtually all of New Caledonia outside Noumea.

The sources said the structures and finances of the regional governments could easily become the nucleus of an independent national government controlling the territory's main resources, water supply and food production.

They said regional police forces being developed by the new administrations, and controlled by FLNKS activists, could be used to enforce the 'mousetrap' strategy.

The strategy is being drawn up because of the likelihood of a right-wing victory in the metropolitan French elections in March. The neo-Gaullist leader, Mr Jacques Chirac, who is tipped to be the new Prime Minister, has promised to overturn the present socialist government's plan to lead New Caledonia towards independence.

While Mr Chirac would be likely to have to compromise on the independence question, both the pro- and anti-independence factions anticipate renewed conflict in the territory in the coming year.

FLNKS has already proved its capacity to take radical action to achieve its political ends. The present French government's regional plan was hurriedly implemented after FLNKS boycotted the territorial elections in November 1984 and set up its own provisional Government of Kanaky.

FLNKS activists established roadblocks throughout the territory and forced as many as 3000 white farmers to quit their properties and flee to Noumea.

One senior FLNKS official said the 'mousetrap' strategy, if necessary, was "the ultimate economic weapon" to force independence.

"We can live without Noumea but our opponents can't live without the bush. If we do it, the whites will leave in droves," the official said.

He said the big nickel mines around Thio, on the east coast, and the Yate Reservoir, which supplies Noumea, were all in areas administered by FLNKS. Kanaks also controlled the best agricultural, cattle-breeding and fisheries areas.

Under the strategy, port facilities would be expanded at Thio on the east coast and new minerals and agricultural export contracts would be negotiated directly with foreign countries.

Despite the radical strategy, the FLNKS leadership remains publicly committed to avoiding further violence and moving towards independence by making a success of the regional government system.

But the senior FLNKS leader, Mr Jean-Marie Tjibaou, warned yesterday that the consequences would be "grave" if a new French government tried to stop the evolution of independence.

"It could be a very dangerous situation, but I don't want to talk about how we would react because that would only give ammunition to our opponents."

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PHILIPPINES

BUSINESSMEN DISCUSS PROSPECTS BEYOND PRESIDENTIAL ELECTION

Quezon City VERITAS in English 12 Jan 86 pp 18, 19

[Text] Although recovery from a negative growth rate of 3.5 percent in 1985 is expected, a badly bruised Philippine economy faces yet another crucial test ahead: the Feb. 7 presidential polls. The elections, with all its hazards, could drastically change the experts' forecast but, conducted properly, it may also bring about that long-awaited surge of confidence to fuel a speedier recovery. And for this, a beleaguered business community is willing to take all the risks.

At stake are the small economic gains of the past year: an inflation rate down from a previous 60-70 percent high to a manageable 10-14 percent; interest rates falling to 18-25 percent; and a peso to dollar exchange rate pegged at P18-P19. While many businessmen agree that these gains had been the results of temporary stop-gap measures by government, they are nevertheless thankful for the small blessings.

A clean, credible and honest elections could permanently alter the picture. "From thereon," predicted Philippine Chamber of Commerce and Industry (PCCI) president Aurelio Periquet Jr., "investments will pick up and more jobs will be made available for the unemployed.

Says businessman Raul Concepcion: "If the polls are perceived as fair and clean, businessmen will be less timid and more aggressive with their plans."

The National Economic Protectionism Association (NEPA) wants nothing less than a change in political leadership. This group of businessmen and economists, known for their nationalist stance, believes that their alternative recovery program is only possible "under a new regime." Their reason? "The track record of the Marcos administration.

Already a few businessmen who are openly batting for a clean presidential elections are beginning to feel the consequences of their actions. Flour miller Jose Concepcion Jr., has recently lost his wheat importation quota, forcing him to trim down operations. He is the chairman of the National Movement For Free Elections (NAMFREL).

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PHILIPPINES

PAPER ANALYZES COST, IMPACT OF PRESIDENTIAL ELECTION

Quezon City ANG PAHAYAGANG MALAYA (SUNDAY Supplement) in English 12 Jan 86 p 10

[Article by Gina D. Velesquez: "How Much Does a National Election Cost the Government?"]

[Text]

**T**he February 7 snap presidential polls come close to the heels of the economic recovery program of the government. Any spending incurred in this electoral exercise is bound to be under the tight scrutiny of the country's international creditors who sponsored the recovery program. The government is expected to faithfully account for its expenditures to the International Monetary Fund and the World Bank.

But will the figures be available to the voting public? Filipinos who tried to survive the economic crunch during the last 24 months are inclined to ask whether election spending will be a mere pinch in the shoulder or a backslap in the long run.

When the constitutionality of the snap polls was declared by mid-December, P200 million from the special activities fund of the national budget was appropriated for use by the Commission on Elections.

Government technocrats keeping close reins on the national treasury are confident that the "snap" allocation will have no adverse effects on the economy. Prime Minister Cesar Virata, also the finance minister, for one, is self-assured and this was boosted by the IMF which served notice that it is increasing the budget deficit ceiling on government expenditures to P13 billion.

Ferdinand Marcos who is seeking his third election could as much as assuage the electorate that the balance of payment position has improved, dollar reserves have been boosted and his government is trying to keep the money supply even.

But contenders to the 20-year-old Marcos rule with virtually no hands on the government coffers are uptight on their seats monitoring the cash flows during the campaign period. Batasan oppositionists demand explanation to the P3.8 billion drawn from the Central Bank prior to the KBL proclamation at the Manila Hotel. Bandila's Teofisto Guingona alleges that P5,000 could have been doled out to each of the 8,000 delegates at the proclamation bash. MP Wilson Gamboa says the \$2.9 billion loan from creditor banks for imports and exports couldn't be possibly diverted to KBL resources because of the tight watch of the IMF. And ex-Comelec chairman Jaime Ferrer deplores the P500 million sudden fund release to local government units issued in time to beat the 30-day ban on public works projects.

FINANCIAL MONSTER

**M**arcos oppositionists thrown into the arena of electoral struggle are judiciously studying the management of government funds but slight over the IMF-WB. Hemmed in by the omnibus election code on election spending which exempts funds acquired from borrowings, the opposition wisely leaves the IMF alone. This financial monster, whose credit line to the Marcos government keeps the economy from collapse would be the one to apply the rod when Marcos overshoots the allowable government expenditures.

Already, the IMF has expressed its commitment to the Marcos government when it approved the release of \$175 million loan by the third week of Decem-

ber. But this commitment is short-term subject to review when the next installment of loans will be up for release.

And Marcos knows that a long standing commitment to his government will depend upon the credibility of his elections. Within his earshot are the overtures of his allies in Washington. As Assistant Defense Secretary Richard Armitage would put it, "If the elections were not credible, Congress would be so irate — it will be impossible to ask for funds either for our own forces in the Philippines or for cash to the Philippine government."

Marcos cannot ignore his American friends, much less accuse them of meddling in Philippine politics. The stage has been set for the snap presidential elections. It is incumbent upon Marcos to prove his credibility and count the shares of confidence in his hand.

As a test case to prove Marcos' credibility, will the snap elections be worth the taxpayers' pesos?

In this presidential election, the second election to come in two years, the stakes are much higher. According to banker-economist Jesus Estanislao, a throw-away election will make the problem of regaining credibility much worse. He believes that if political credibility is not regained, the country faces the danger of losing all the economic gains made in the last 12 years with real personal income falling to the pre-1974 level.

### WORST CRISIS

Besides, the flak about election expenditures still brings to mind the murderous levels at which inflation rose as an aftermath of the 1984 Batasan elections. Then, Comelec incurred expenses of P1.1 billion, the government borrowed P5 billion from the Central Bank, the latter issued Jobo bills to control the increased money supply in circulation, and two successive devaluations hit the country, plunging the Philippines to its worst economic crisis since World War II.

With the arrival of 1986, the economy is barely over the hump, with new blood provided mainly by the new loans availed and the debt restructuring program. The restructuring simply extends the maturity of the country's \$26 billion external debt, a large chunk of which is expected to mature in 10 to 25 years.

The growth rate is still negative as government backed down from its one per cent rise projection. National Economic Development Authority spokes-

man Lazaro Medina confirms that for 1985, the figure is minus 3.5 to minus 4 per cent; mainly due to poor export performance and stagnating manufactures, he says.

Businessmen agree that inflation has dropped from a peak of 60 per cent to 10.7 per cent by the end of 1985; but the Philippines still posts the highest inflation rate among her Asian neighbors as noted by Bernardo Villegas of the Center for Research and Communications (CRC).

Because of the economic trend, both the banking and business sectors are more conservative than optimistic about the surge in election spending. Felix Maramba of the Philippine Chamber of Commerce and Industry said businessmen engage in short-term planning because of the uncertain business prospects this year, especially with the expected price increases when the turnover tax becomes effective by this year.

### BAD TIMES AHEAD

More money are expected to circulate in the system early this year when the Central Bank redeems billions worth of the so-called Jobo bills. But investments have slid down to 29 per cent and interest rates are likely to go down or be sustained at 15-17 per cent per annum. For bankers, these are signs that the good times will soon be over. Peter Favila and James Ho, management brass of Metrobank and Rizal Commercial Banking are creasing their brows over the lack of productive areas and the drop in demand for loanable funds in the face of the expected increase in domestic liquidity.

Monetary officials who have become experts at mopping out the country's economic mess are not expected either to relax the rules on government spending at the convenience of the political lords. As stated by a Central Bank official, if the government is thinking of borrowing from the Central Bank to finance its campaign blitz, it is a matter that has yet to be settled. Even Minister Virata knows too well that he will have to guard the BOP position within the next 18 months if the IMF were to extend a new standby credit facility when the current one expires on June 1986.

Chamber of Commerce president Maramba would agree that the current picture of the Philippine economy is more impressive than in the last two years but something else is amiss. "For somehow, the macro perspective does not jive with the micro realities," he said.

He said firms are going bankrupt, sales are taking a nose dive, investments

plummeted; unemployment is on the rise and poverty is spreading.

A private research group pointed out that whoever wins the elections faces the real problem of bringing the per capita income back to the 1983 level. Per capita income has now slid to 15 per cent. There is also the problem of 3 million people out of work and the 9 million, comprising 50 per cent of the labor force, who are underemployed. According to a study made by the CRC and Consumer Pulse Inc., 70 per cent of sample households in Metro Manila have fallen below the poverty line and 45 per cent are not earning enough to meet their basic needs — And to think that Manila is the heart and soul of Ferdinand and Imelda's vaunted Republic.

After the mechanics of election spending has been mulled over, it redounds that while the businessmen and bankers worry and technocrats are alarmed, capitalists become edgy and politicians continue to cackle over the sums poured into the presidential polls — but it is the people who suffer and bear the brunt. Yes, Juan de la Cruz will still be starving after the elections. **BJ**

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PHILIPPINES

DAVAO PAPER on 'CRONY' RELUCTANCE TO SPEND IN KBL CAMPAIGN

Davao City PEOPLE'S DAILY FORUM in English 8 Jan 86 p 8

[Commentary by Rober Flaviano: "On Cronies Reluctant To Part With Their Fortunes"]

[Text]

No less than Pres. Marcos has allegedly virtually taken to task his "cronies" and members of his cabinet during a political caucus on the Presidential campaign that if he losses the elections it is not only him who is going to prison but also them (cronies and cabinet members).

The President then urged them (cronies and cabinet members) to campaign hard, just like running scared, and spend also some of the fortunes they have amassed out of his (presidential) favors.

The President was obviously irked when he found out that some of those who have been enjoying his favors were still reluctant to campaign and, if they are going to go to the campaign field, they expect to have some campaign funds. And they obviously want these campaign funds to come from the President and not from their pockets.

Because of the reluctance of some "cronies" and "friends" of the President to spend their own money, there are ugly talks that perhaps they are saying it for the "rainy days" meaning should Marcos lose at least they have kept their fortunes intact.

But as Marcos had warned them: "If I go to prison all of you will also follow."

Up to this time, however, the "cronies" and "friends" of Malacañang still refused to part with their money inspite of the admonition of the President.

There's no action yet, as some frustrated political moochers and panhandlers put it.

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PHILIPPINES

MANILA DAILY REPORTS ALLEGED MILITARY BRUTALITY

Manila BULLETIN TODAY in English 10 Jan 86 p 8

[Article by Roy C. Sinfuego]

[Text]

COTABATO CITY —

Several bus passengers, and truck drivers and helpers suffered serious physical injuries as a result of alleged brutalities and extortion activities committed by soldiers manning a checkpoint in Kulambagan, Lanao del Norte last Dec. 24.

A plantation owner whose identity was withheld for security reasons personally reported to Brig. Gen. Cesar Tapia, Regional Unified Command (12) chief, in the presence of Maj. Gen. Delfin C. Castro, AFP Southern Command (Southcom) chief, that on the night of Dec. 24, 1985, seven buses from the Zamboanga peninsula were stopped by the soldiers manning the checkpoint located near their detachment.

The plantation owner said the soldiers led by their officer were all

drunk. They reportedly ordered the vehicle occupants to get off and, without any reason, started beating the passengers with their pistols and rifle butts.

Many passengers were able to run away but those who were unable to escape suffered severe injuries, it was reported.

Five of the victims who suffered serious injuries were initially identified to Tapia as Cader Limano, Ete Sumagang, Manuel Sumagang, a Civilian Home Defense Force member, and an Army intelligence agent who was reported to have suffered a cracked skull after he was struck with a rifle butt.

The victims, Tapia was told, vomited blood and were confined in a hospital and private clinics in Iligan City.

Tapia was also told that the same military men assigned at the

checkpoint have been the subject of numerous complaints by other bus commuters and residents of the area, specially when the soldiers and the officer of the unit are under the influence of liquor.

During the Dec. 24 incident, the soldiers also impounded two truck loads of fresh fish bound for Iligan City. The fish rot after the soldiers held the trucks for more than 48 hours, it was reported.

Brig. Gen. Rodrigo Gutang, PC/INP Recon-12 commander, when asked to confirm if the soldiers being denounced for brutalities are PC troopers said they are still conducting investigation of the report.

Gutang said the victims will be given justice and the officer and soldiers if found guilty of the offense will be meted the severest punishment under the laws.

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PHILIPPINES

BENGUET CITIZENS CONTINUE TO DEMAND REMOVAL OF MILITARY

Quezon City ANG PAHAYAGANG MALAYA in English 10 Jan 86 p 9

[Article: "Out With Military!"]

[Text]

LA TRINIDAD, Benguet (DEPTHnews) - Officials and residents of this capital town want the military out of the province because of alleged unstopped abuses committed by soldiers on civilians.

No official action has been taken by the defense ministry on the demand but it was understood that military officials concerned are trying to "patch things up."

The demand is contained in a resolution approved last Oct. 15 by the La Trinidad municipal council or "Sangguniang Bayan" and the provincial board is reported contemplating a similar action.

In their resolution, local officials led by Mayor Hilation Pawid asked that headquarters of Region 1 Unified Command in Camp Bado Dangwa in this town be moved out of the province.

The resolution stated that "the concentration of military men at Camp Bado Dangwa is giving harm to the residents of the surrounding barangays

(barrios) more than the expected security which is supposed to be the concern of these military men."

It cited a lengthening string of military abuses, shooting incidents "resulting in the unwarranted killing and maiming of civilians" as among the compelling reasons which inspired the council to adopt the resolution.

The resolution against the military is believed unprecedented in the sense that La Trinidad is the first local government in the country to take such an official action against military abuses.

It also reflects growing disenchantment of Benguet residents with the military as a result of violations of human rights committed by soldiers and represents a setback to the government's peace and order campaign in the upland or Cordillera provinces of North Luzon.

Mayor Pawid said the provincial board or "Sangguniang Panlalawigan" is moving to adopt a similar resolution. Gov. Ben Palispis is reported by the local press to be spearheading it although no official announcement to such effect has been made by the provincial executive.

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PHILIPPINES

DAVAO DAILY LINKS KIDNAPPED MILITANT STUDENT TO AQUINO CAMP

Davao City PEOPLE'S DAILY FORUM in English 10 Jan 86 pp 1, 8

[Article by Dodong Solis and Gerry Tan: "Cory's Student Leader Kidnapped"]

[Text] A ranking member of the militant League of Filipino Students (LFS) was picked up in his boarding house in Obrero, Davao City at 9:00 o'clock in the evening of January 8, in what is viewed as a crackdown on the militant youth sector who show dissent and who waged the people's struggle through the parliament of the streets.

Anastacio "Jun" Albite, acting chairman of the League of Filipino Student for Southern Mindanao and the concurrent Vice-President of the Supreme Student Council for the University of Southeastern Philippines was picked up in his boarding house in Obrero, Davao City by fatigue-clad armed men.

Jun Cadigal, chairman of the Supreme Student Council of the University of Mindanao told this paper that they are still looking for the whereabouts of their colleague "Jun" Albite even as he said that they condemn the responsible people who did this to one of the members of the LFS.

The entire organization of the LFS together with other militant youth organization like the United Youth Opposition for Nationalism (UYON), and the Youth Alliance of Justice, Freedom and Democracy (YAFD) strongly condemned the picking up of Jun Albite saying that the Marcos regime is insecure of the people's militant struggle through the parliament of the streets. Cadigal is allegedly supporting Cory Aquino for president and Doy Laurel for vice-president.

"They should also look at their conscience if they still have conscience," Cadigal said.

They should stop labelling us as communists because we are not, he said. In fact, he said, we waged our struggle through the parliament of the streets, unarmed and helpless.

Cadigal said the regime is trying to quell the growing people's militant struggle even as he said that they are trying to instill fear to the studentry by arresting its leaders like Jun Albite.

The government should know that they also have their children, and what is their feeling if their children will also be picked-up, Cadigal stressed.

Jun Albite is still missing at the moment and the LFS is still looking and investigating into a possible abduction case similar to what happened to Fr. Rudy Romano in Cebu City.

Recent developments received by this paper revealed that Albite was at his boarding house when a group of more or less eight unidentified men armed with M16 rifles and handguns barged in and at gunpoint abducted the victim and was made to board a waiting owner jeep along Palma Gil Street. Near the jeep was another car described as a Lancer with tinted glass, and bearing plate No LAE611. The lancer car followed the jeep where Albite boarded, towards the direction of J. P. Laurel Avenue, Davao City.

Reports said that an amount estimated to be about P300.00 was also taken by Albite's abductors from his room.

The incident was witnessed by the boardmates of the kidnapped student leader who described the abductors in their late twenties and early thirties.

The boarding house where Albite is staying is owned by one, Mr. Eduardo Laureta, of No 57 Palma Gil, Bo. Obrero, Davao City.

Operatives of the Central Police Station, Davao City, under Police Capt. Francisco Vales are conducting a probe on the apparent kidnapping.

As of presstime, Albite has not been found yet.

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PHILIPPINES

LEADERSHIP BLAMED ON PLIGHT OF STARVING CHILDREN

Quezon City VERITAS in English 12 Jan 86 p 17

[Article by Estefania Aldaba-Lim]

[Text]

ONE of the unforgivable sins of the present leadership is the neglect of the child from the poorest of the poor. For in our current economic difficulties, it is the poorest of the poor who are the most vulnerable. The hardest hit are the already malnourished children whose growing minds and bodies are further disabled and battered. As a result, hundreds of children quietly die each day, thousands more quietly go to sleep hungry every night and millions more quietly struggle for life itself. And yet these quiet emergencies ("silent emergencies" in the words of the Unicef Director) never get in the headlines of our newspapers because it has become a usual happening in our country these days.

Can these deaths happen in a country where, in the words of the President and Mrs. Marcos, and I quote, "We love our children far too much. . . where there should be genuine concern for them than for any other kind of suffering. . . where we should be prepared to do the best we can and always to the fullest measure that we can. . ." (from the speeches of the President and the First Lady before the *First Presidents Conference for the Development of Children*).

Yes, the quiet emergency of children dying, starving and malnourished is happening in spite of the profession of love for children

and public exhortation to give the child "the best we can." Unfortunately this touching devotion to children in speeches have not been translated into action. Nor is it in the development priority of national planners, nor in the direct allocation of funds to save our endangered children.

How serious is the problem? According to an unpublished report of the Nutrition Council of the Philippines and studies and surveys of the Institute of Nutrition, 80 per cent of our children today are in varying states of malnutrition. By the way, reliable reports claim that Malacañang prohibited the publication of this finding. Malnutrition has worsened to twice what it was when the NCP program was begun a decade ago.

Infant mortality rate (IMR) a precise indicator of how policy makers care about the nation's children, remains at a high 65 deaths per thousand live births (Population Reference Bureau, Inc.). This rate is even higher in findings of other independent studies soon to be published. The tragedy of it all is, I have visited and seen a number of developing countries in Asia with much lower GNP, than the Philippines, who have already achieved a much lower infant mortality rate. The difference lies in the priority which these governments accord the child, and a political will to signi-

ificantly increase the resources available for the job and in the genuine commitment and concern of those responsible for the welfare of the neglected child.

**L**ET ME cite an example. Before leaving the MSSD for my assignment at the UN to serve as Assistant SecGen for the International Year of the Child in 1977, my colleagues and I in the MSSD succeeded in getting the Batasan to pass a law which would set up a Day Care Center in every barangay precisely to save the children from this quiet emergency which was quite serious even in those days. Today this setting up of a day care center in every barangay has not happened! Of the more than 42,000 barangays all over the Philippines, there exists only a little over 6,000 (MSSD figures) Day Care centers or 15 per cent of the target set in 1977, half of them supported by the private sector.

The plea for the welfare of children is not the only issue at stake. For the question of whether or not improvement in the lives of the young is achieved in the 80's is also crucial to the slowing of population growth itself. It is an established fact that the achievement of any development strategy, especially the social goals, is closely connected with family planning. A setback in social goals is therefore likely to set back the slowing down of the population. The logic of this relationship is best illustrated in the dismal failure of our population program as revealed in the current growth rate figure of 2.5 per cent which, by the way, is almost the same growth rate in 1978 seven years ago. (The World Population Data Sheet of the Population Reference Bureau, Inc., a World

Bank data source.)

Our choice is very clear. We can allow the largest generation of children which is nearly 1/3 of our population, to grow up malnourished unhealthy, hopeless about its future to become parents of another generation of malnourished and unhealthy children or we can give our children priority, not only in speeches but also in reality and practice! The realism of, or naivety of any goal, writes the Executive Director of Unicef, Mr. James Grant, is almost always "as much a question of priorities as of possibilities." And it is not the possibility of achieving primary health care and lowering infant mortality rate for the great majority of Filipino children which is in question. It is its priority and the effectiveness with which such priorities are implemented. Such goals could be achieved, easily achieved, for example, by switching the investment for just one edifice like the University of Life complex which according to reports cost half a billion pesos, to a nationwide investment to save our children from death and malnutrition! Half a billion pesos would do it! The emphasis on heavy investments on infrastructure should now shift to social services: nutrition, maternal and child health care, immunization campaigns, clean water supply, hygiene and waste disposal, primary health care — not here and there but everywhere — that would insure the survival of the child.

In the defense of their human rights, their right to live, children are voiceless and powerless. They have no organized lobby group in the Batasan. They have no votes and no unions. Our children cannot wait. Their case must be heard in this Presidential election! —

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PHILIPPINES

BAGUIO EDITORIAL ON CITY'S NEED FOR FOREIGN AID

Baguio City THE GOLD ORE in English 4 Jan 86 p 4

[Editorial: "Foreign Assistance for Baguio's Needs"]

[Text]

HOW DEPENDENT our city is on foreign assistance for development is demonstrated by the recent inauguration of the Economic Support Fund financed building at the Baguio City High School. Were it not for ESF the school would not have expanded.

At the city market, the construction of the meat-fish-carinderia market would not be ongoing were it not for such funding. And the city would not dare dream of a 12 million peso modern abattoir on a budget of only 45.6 million pesos this year. All told the ESF earmarked about 40 million pesos for Baguio projects last year.

The Japanese government has also granted more than 136 million pesos for the sewage treatment plant to be completed late March this year. Such funding would make 1985 the year of massive foreign financing for Baguio's needs.

Will there be more projects similarly funded this year or next?

More ESF projects should be proposed and relentlessly sought. After all Baguio is host to a US military base whose rentals should accrue more directly to the immediately affected community.

As for grants like that from the Japanese, it is time to put into play Baguio's sisterhood ties with Hangzhou in the People's Republic of China and Kislovodsk in the Union of Soviet Socialist Republics.

Of course foreign assistance need not only be in terms of cash. And such assistance should not inhibit the overriding aspiration to be self reliant and independent.\*jli

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PHILIPPINES

ONGPIN'S 'FLEXIBLE' POLICIES LAUDED

Quezon City ANG PAHAYAGANG MALAYA in English 10 Jan 86 p 7

["Business Views" by Jake Macasaet: "Ongpin: Unpopular But Very Capable"]

[Text]

Roberto V. Ongpin, minister of trade and industry, chairman of the Board of Investments, head of at least two dozen other government-acquired corporations and top presidential economic adviser, is probably the best argument for keeping technocrats in key government posts. Needless to say, his political contributions to the cause of the ruling party is practically nil, and the President knows it. Keeping sensitive areas out of the reach of politicians is itself excellent politics. And Ongpin is making good politics by staying out of it. He does not and probably cannot, deliver votes to the KBL but he is able to preserve basic economic ideas and at the same time throw to the four winds any of these ideas when circumstances so require. Ongpin is as flexible as any politician could be but politics is never in his veins.

The best example of Ongpin's flexibility is the creation of the so-called Binondo Central Bank, the alternative source of foreign exchange, the dollar blackmarket, in plain simple words. The Marcos government was getting embarrassed by a long series of postponements on payments of in-

terest on a \$30 billion debt. The foreign creditors were not happy over the inability of the leadership to curtail the blackmarket. And so Ongpin went to work. The initial effort, obviously with unqualified backing of the President, was to jail all known currency smugglers. He admitted during a press briefing about the middle of the year last year, that for every dozen jailed, two dozens would come up.

Ongpin was convinced that the government can never lick the dollar smuggling problem. But there was one last solution, stated in an old adage: if you can't lick 'em, you join 'em. And so Ongpin organized his own pool of the best minds in the dollar smuggling business and told them in no uncertain terms that they have a very simple job to do. The five members of the pool must corner the supply of dollars in the blackmarket. They can have their own spread but the dollars must be available to legitimate importers. The rest of the Binondo CB story is now history.

Ongpin became even more unpopular, but he created a facility for small importers who, particularly at that time, could

not be provided with dollars by their own banks. Coupled with the Central Bank's issuance of high-yield debt instruments, Ongpin's Binondo CB removed heavy speculative demand on foreign exchange. In fact, there was a time when the Binondo rate was more attractive than the official floating rate. Up to this day, the difference has not widened to alarming proportions.

Ongpin knew that there are no immediate prospects for sugar prices to go up in the world markets. Europe is producing cane sugar at about 30 cents a pound but is able to compete because of heavy farm subsidies. Philippine production costs of around eight cents is already way over the world market price of less than five cents. If the sugar industry must survive, it has to produce another product, derived from the same cane. And so Ongpin came up with the \$150-million ethanol project that will produce motor fuel substitutes. Ethanol has been proven successful in Brazil, the world's largest exporter of sugar. Again, the project is being criticized.

Ongpin is unpopular but he is very capable.

PHILIPPINES

TRADE UNIONS' ROW WORSENS, PARTISAN POLITICS CITED

Quezon City ANG PAHAYAGANG MALAYA in English 10 Jan 86 p 2

[Article by Joe Salgado]

[Text]

The row between the Trade Union Congress of the Philippines and the Lapiang Manggagawa worsened yesterday as TUCP president Democrito Mendoza ousted LM head Jacinto Tamayo for alleged "irresponsibility."

The ouster came after Tamayo, who is also TUCP auditor, questioned the labor group's decision to join the National Movement for Free Elections allegedly without the consent of the TUCP executive committee and national convention.

Tamayo also questioned TUCP's acceptance of foreign donations to be used in the Feb. 7 snap election.

TUCP secretary-general Ernesto Herrera blasted Tamayo for questioning the organization's source of funding "when he is himself a recipient of foreign assistance since 1975."

Herrera said Tamayo's Philippine Labor Alliance Council has been

consistently a beneficiary of foreign assistance from fraternal organizations. "Tamayo is just carried by the election fever," Herrera said, adding that the LM president is an "intense Marcos man who would like to carry with him the TUCP."

The TUCP, with some 1.5 million members nationwide, has decided not to support any particular candidate in the coming election, and instead actively campaign for participation and poll vigilance.

Tamayo immediately branded his ouster as arbitrary and illegal. "If Mendoza resented my support for the Marcos-Tolentino ticket, he should say so and not hide under the anonymity of non-partisanship," Tamayo said.

Tamayo charged Mendoza with supporting Salvador H. Laurel in his vice presidential bid.

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CSO: 4200/627

PHILIPPINES

COLUMNIST DECRIES ILOCANO JUDGE APPOINTEES

Manila MR. & MS. (Special Edition) in English 10-16 Jan 86 p 23

["The Last Word" column by Maximo V. Soliven]

[Text]

**S**PEAKING of courts, six judges of the Regional Trial Court in Metro Manila were recently promoted (although their promotions have not yet been publicized) to the Intermediate Appellate Court. Their appointments have already been signed by the chief executive, but they haven't taken their oaths of office yet. I hear that their oaths may be administered AFTER the elections. You can be sure that all six "promoted" members of the judiciary are on their knees every night, praying for the Apo's victory.

What's interesting is that three of the six come from the Holy Land of Ilocoslovakia. These are RTC Judges Ricardo Diaz of Paoay, Ilocos Norte; Eduardo Tutaan of Batac, Ilocos Norte; and a lady judge, Rizalina Vera, also an Ilocano. The "foreigners" who are not members of the "We Belong" association are Bellosillo, Alfredo Cruz, and possibly Judge Ricardo Tensuan (who has been waiting for promotion for so long that his friends have been teasing him as "just-tis".)

When I first reported in my Inquirer column that THREE of the anointed six were Ilocanos from the Master Race, this provoked irritated criticism from other Ilocano "hopefuls" — including fiscals and judges. At a wake in Pinaglabanan Church in San Juan, for instance (of the late Board of Transportation Chairman Cesar S. de Guzman) some Ilocano lawyers and judges grumbled: "What has Max got against Ilocano judges — when he himself is an Ilocano?" They said I was "ruining the chances of other Ilocano judges to be promoted to the Intermediate Appellate Court".

**I** DON'T think I am being unfaithful to the Ilocano nation. I'm proud to be an F.B.I. (Full-Blooded Ilocano) on my mother and father's side. On the other hand, isn't enough, enough? Never should it be said that we Ilocanos are greedy.

Take the Intermediate Appellate Court. At present, there are 30 members of that body (formerly called the Court of Appeals), the second highest judicial tribunal in the land. It is from this court that many of the Justices of the Supreme Court are drawn — hence the in-fighting to get within spitting distance of the high tribunal.

Of the current 30 members of the Appellate Court, SEVEN are already full-blooded Ilocanos. These seven sitting Justices represent one-fourth of the membership. With the appointment of THREE more Ilocanos, there will now be ten Justices from the Solid North — or one-third of the body's membership.

Now, I know that there are many deserving Ilocano judges, but how can we claim that Ilocanos have a monopoly of legal expertise and judgment, jumping over the heads of equally deserving judges more senior and perhaps even more competent and honest?

Ilocanos are surely not less qualified than Tagalogs, Batanguenos, Pampangos, Bicolanos, Cebuanos, Ilongos, Tausugs, Samals, Marawis, Maguindanaws, to mention but a few of our "tribes". But let's give the others a break.

Even in the presidency, we Ilocanos have had more than our fair share. We have had three Ilocanos in Malacanang — Elpidio Quirino, Ramon Magsaysay, and the ever-lasting Ferdinand E. Marcos. (Even Ninoy Aquino from Tarlac had to speak Ilocano, since 40 per cent of his provincemates are Ilocanos). As for the unfortunate Tagalogs, Quezon was their first and last President ) if you don't count the Japanese-sponsored Jose P. Laurel. The Pampangos have had only Diosdado Macapagal. The Boholanos got Carlos P. Garcia. The Ilongos had Manuel A. Roxas. As for the Bicolanos (sigh) the Bicol Express has become only a "dish", and not a train which goes to Malacanang.

PHILIPPINES

GOVERNMENT STEPS UP DRIVE ON DOLLAR BLACKMARKET

Manila BULLETIN TODAY in English 13 Jan 86 p 17

[Article by Jun Concepcion]

[Text]

The government gave more teeth to its drive against black-marketing and salting abroad of foreign exchange as it adopted additional measures to stop these unscrupulous activities.

Under Presidential Decree 2002 issued last month, acts and activities constituting blackmarketing or salting abroad of foreign exchange which have not been clearly defined by existing laws, rules and regulations are now clearly spelled out as violations of laws against dollar salting and blackmarketing.

The new Presidential directive provides that trading, purchase or sale of foreign exchange without any lawful authority shall constitute blackmarketing of foreign exchange under section 1 of PD

1883 and any person found committing such acts shall upon conviction suffer the penalty of reclusion temporal, or imprisonment of a minimum of 12 years and one day and maximum of 20 years and/or fine of not less than P50,000.

Failure or refusal by any authorized foreign exchange trader or dealer to issue official Central Bank receipts for the purchase or sale of foreign exchange, or failure to remit and/or declare foreign exchange purchased in accordance with the existing rules and regulations on foreign exchange shall likewise constitute blackmarketing and any person committing such acts shall, upon conviction, suffer the penalty prescribed in section of PD 1883.

The possession of foreign exchange equivalent to not less than \$10,000 by any person who does not have legitimate source of or lawful authority to possess foreign exchange shall be prima facie evidence of black-marketing.

The new Presidential directive also defined the following acts which constitute salting of dollars abroad which are punishable under the law:

—The retention abroad by a person engaged in the business of exportation of his export proceeds or earnings or part thereof, beyond the period prescribed by laws, rules and regulations, or the retention abroad by any person of the proceeds or earnings from his undeclared exports. The term "exports"

includes both products and services.

—The undervaluation, underdeclaration, misdeclaration or non-declaration, either as to price or quantity of exports shall also constitute prima facie evidence of salting of dollars abroad.

—The remittance and retention abroad by any person engaged in the business of importation of foreign exchange by overvaluing or overdeclaring his imports either as to price or quantity.

—Any activity or transaction resulting in or involving the unauthorized remittance, transfer and/or retention abroad of foreign exchange by any person through misdeclaration, misrepresentation, falsification and/or illegal or fraudulent means.

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CSO: 4200/627

PHILIPPINES

MARKETING CORPORATION AWAITS SUGAR FUNDING POLICY

Manila BULLETIN TODAY in English 19 Jan 86 p 11

[Text]

Philippine Sugar Marketing Corp. (Philsuma) is awaiting crucial policy guidelines from the Philippine Sugar Commission (Philsucom) concerning its new role in domestic sugar trading activity.

Philsuma chairman Fred J. Elizalde admitted to *Business Bulletin* that the private trading outfit faces financial difficulties once it eventually goes into domestic trading of sugar.

Presidential Decree No. 2005, which extended the corporate term of the National Sugar Trading Corp. (NASUTRA) until the end of this month, provides that Philsuma will engage both in the export and domestic trading of sugar beginning with the 1985-1986 sugar crop. The decree defined Philsuma's domestic trading activity on a non-exclusive basis.

To engage in domestic trading,

Philsuma would have to build up its own reserves that could entail a huge amount to maintain, Elizalde said.

The seasonal production of sugar in the country would make it imperative for Philsuma to build up huge reserves — an inventory that Philsuma could hold on for six months.

Policymakers are still arguing on the level of sugar reserves but 20 percent of the country's production is initially being thought of by Philsucom.

Building up the desired reserves, according to Elizalde, would mean that Philsucom needs badly the seed capital being raised by Land Bank and five universal banks to the tune of P250 million.

Prior to the newly-appointed role of Philsuma in local trading, the privately-owned outfit had been busying itself with raising pre-export loans to finance sugar ship-

ments to the United States.

Three commercial banks led by the Bank of Philippine Islands (BPI) provided P150 million for the first shipment of 21,000 tons.

For its second shipment of the same volume, Philsuma managed to obtain red clause financing from Chemical Bank of the US. The \$7.8-million facility carries an annual interest of 11.5 percent.

Philsuma has also asked the BPI anew to provide another pre-export financing of P175 million for the third sugar shipment of between 21,000 and 23,000 tons.

Elizalde said Philsuma has been trying to establish normal credit facilities to eventually turn them into revolving credits.

The export advance loans were sought to finance purchases of export sugar and fulfill the country's commitments under the 1985-1986 US quota.

SINGAPORE

AFP VIEWS REASONING BEHIND XINHUA BUREAU IN SINGAPORE

HK290754 Hong Kong AFP in English 0706 GMT 29 Jan 86

/Article by John Thomas/

/Text/ Singapore, 29 Jan (AFP)--The NEW CHINA NEWS AGENCY (NCNA) is preparing to open an office here this year, a move seen by diplomatic analysts as a bid by Beijing to step up bilateral ties.

Beijing and Singapore have no formal diplomatic links.

Singapore authorities today confirmed that NCNA, also known as XINHUA, had requested an employment pass for a correspondent. They said the request was still pending.

The proposed office will be China's second in a country belonging to the non-communist Association of Southeast Asian Nations (ASEAN), after Thailand, but is expected to be the principal bureau reporting on the entire region, leaving the Bangkok bureau to Indochina-watching, a diplomatic source said.

A Chinese source said that Singapore was taking its time to clear the name of the proposed correspondent, who is bound to be seen as the "eyes and ears" of the Chinese Communist Party even more than the commercial representative office which performs consular functions as well.

Approval for an NCNA presence here was given following Singapore Prime Minister Lee Kuan Yew's visit to Beijing last September, although a request made during Chinese Foreign Minister Wu Xueqian's visit to Singapore earlier in the year was turned down, diplomats said.

"The XINHUA bureau is apparently a concession Singapore has now had to make to Beijing to keep its pre-eminence as the middleman for countries seeking business with China, and Singapore probably wants to keep it from being any more than symbolic," one diplomat said.

Singapore, despite its traditional trade links helped by the fact that 77 percent of its population is of Chinese descent, has refused to open diplomatic ties with Beijing, insisting that it will be the last country in the region to do so.

Singapore is as staunchly anticommunist as its five fellow members in the ASEAN, but it has had to be extra sensitive to the fears of its neighbors, especially Indonesia, about the Chinese ethnic influence, diplomatic sources said.

ASEAN members Thailand, Malaysia and the Philippines have diplomatic ties with Beijing. Indonesia, which froze relations with China accusing it of instigating a bloody coup attempt in 1965, resumed unofficial political contacts and revived direct trade last year.

Malaysian Prime Minister Mahathir Mohamad visited Beijing late last year, clearing the way for direct trade and the easing of Kuala Lumpur's strictures on its ethnic Chinese citizens visiting China. ASEAN's new member Brunei is also considered likely to make contacts with China.

"In the face of these developments, Beijing quite obviously pressed Singapore for another move in the form of an office for its news agency if a diplomatic mission was still too much to ask," a diplomatic source said.

Diplomats linked Singapore's reluctance to agree to an NCNA bureau to the agency's situation in the British colony of Hong Kong, likened to a de facto embassy, with personnel of political stature in Beijing posted as NCNA staff.

Singapore, which also wants to maintain good relations with Taiwan--likewise without formal diplomatic ties--might not want a Chinese establishment manned by people seen to have political status or functions beyond their professional brief, the diplomats said.

When Beijing set up a commercial representative office in Singapore in 1981, it was only matching what Taiwan had here. Taiwan has a bigger business presence here, though its trade with Singapore has lagged behind China's since 1984.

Singapore's trade last year with Beijing totaled 2.17 billion U.S. dollars compared to 1.12 billion dollars with Taiwan up to October. In 1984, trade with China amounted to 1.62 billion dollars and with Taiwan, 1.35 billion dollars.

"With an increasing role that Singapore has assumed as trader investor and consultant and as matchmaker for foreigners seeking inroads into China, Beijing evidently is expecting a public relations setup here. And NCNA is the bargain," said a diplomatic source.

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CSO: 4200/630



THAILAND

PAPER VIEWS GOVERNMENT STABILITY, COUP TRIAL

BK271335 Bangkok NAO NA in Thai 26 Jan 86 p 4

/Editorial: "Personal or National Interests?"

/Text/ The fact that Supreme Commander and Army Commander Gen Athit Kamlang-ek has appeared to deny coup rumors is a good reflection of the present political situation in the country. In fact, no matter how the supreme commander and other persons try to deny it, such rumors still exist.

Besides coup rumors, it is noteworthy that at least two newspapers published a report that a cabinet minister was thinking of calling for an end to the ongoing trial of suspects in connection with the 9 September coup by seeking an amnesty for them in order to avert problems which might result from the trial. He feared that if the trial continued and the identity of the masterminds were exposed, it would cause a crisis.

The spokesman of the Prime Minister's Office dismissed the amnesty move report immediately, saying that the government made no such initiative. The prime minister also said that the trial of the case is the duty of the court. It is appropriate that the government let a civilian court instead of a military court handle the case, and it is also a correct decision of the court to make the trial open to the public. When someone commits an offense and the case is under consideration by the court, if the administrative or legislative branches try to propose an amnesty for the suspects, they would transgress not only the right of the judiciary branch but also the general practice of law. The defendants in connection with the 9 September coup trial are only suspects, and no court has yet made any decision of guilt. Therefore, how can we say that these persons committed an offense and that amnesty should be granted? Any amnesty will not be fair for the defendants to prove their innocence.

All the above-mentioned news coupled with the rift within the Social Action Party has made Buntheng Thongsawat, who was dropped as deputy prime minister from the recent Cabinet line-up, say that nowadays there is a domination of the plutocracy--government by the wealthy and for the power of the wealthy. He said that the plutocracy has made the 15 January Cabinet reshuffle, which concerns the internal affairs of the Social Action Party and not the government, seem like the political situation has worsened.

All these things are caused by lust and greed which has caused people to seek their own interests rather than the interests of the public, and the interests of the minority rather than that of the majority. If lust and greed were from the ordinary people, there would be no impact on the country. But if it comes from the big shots, although if only from a few persons, it would have a wide and deep effect.

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CSO: 4207/148

THAILAND

BANGKOK GOVERNOR DENIES JOINING 'MILITARY PARTY'

BK280124 Bangkok BANGKOK POST in English 28 Jan 86 p 3

/Text/ Bangkok Governor Chamlong Simwang yesterday hit out at the Democrat Party which he said had made insulting remarks about him and challenged the party to an open debate.

The row between the governor and the Democrats came to a head when newspaper reports quoted party leader Phichai Rattakun as saying the governor knows nothing about his duties in governing Bangkok and that he is preparing to join a "military party" to be set up by former assistant army commander-in-chief Gen Mana Rattanakoset as secretary general.

Governor Chamlong pleaded with the Democrats to stop driving a wedge between the military and civilians "while the country is beset with economic and social problems and with the Vietnamese on the doorstep."

He said even though there was conflict between him and the city council dominated by the Democrats, he could still work smoothly because the law clearly divided the powers of the council and the administration.

The governor said it was an insult to the people to accuse him of being an ex-soldier knowing nothing about his duties in governing Bangkok.

It amounts to saying that the people are ignorant and do not know how to elect a governor, he said.

"I used to be a major-general, a secretary general of the prime minister's and a senator. How can they claim I don't know what my duties are?"

He challenged those who had accused him to come forward and have a debate with him before the people.

On Sunday Mr Phichai urged his party's city councillors to stay calm and to cooperate with the governor.

His instruction followed reports of conflicts between the governor and the councillors.

The governor said he had told officials not to be influenced by political parties.

He said he had the power to order the transfer of officials at any time and denied that he had been persuaded to join a new political party.

He said he and General Mana never discussed politics when they met.

General Mana has said he is forming a "major political party" to contest the 1987 general elections.

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CSO: 4200/625

THAILAND

SIAM RAT VIEWS MILITARY MOVES TO SET UP PARTY

BK301129 Bangkok SIAM RAT in Thai 30 Jan 86 p 3

/Editorial: "The Military and Political Parties"/

/Text/ The plan by the military people to set up their own political party has become the talk of the town. This issue had drawn much attention from members of existing political parties, particularly His Excellency Phichai Rattakun, leader of the Democrat Party.

Although Phichai did not say whether he opposes the military plan to set up a political party or not, his frequent mentioning of the issue indicates that the Democrat Party, one of Thailand's oldest political groups, is paying particular attention to the development.

Thai people have the right, according to the constitution and human rights, to set up their own political party.

The nervous reaction of the Democrat Party to the military move in this regard is, we believe, due to the fact that the party's leader fears that soldiers might impair or even destroy the credibility of the democratic system which is being developed in our country. Since he himself has never served in the armed forces, he might fear that soldiers might use their weapons and influence.

We believe that such a concept is not totally correct--but not totally wrong. However, it is based on this assumptions.

We want to see a political party set up by soldiers from any branch of the armed forces because it will provide a forum for military personnel who are interested in politics or wish to enter politics so that they can engage in politics in a proper manner. It is better than resorting to other less genteel means to push themselves into politics, which could be more dangerous to the country and to the democratic system.

We are pleased that the soldiers have improved their image and become democratic soldiers. They believe in the democratic form of government and do not take the opportunity to use the weapons in their hands to build up power for themselves. We think they are now on the right path.

We are satisfied and support the military if they set up their own political party, a military institution that will join other political parties of the people to oversee the administration of the country.

THAILAND

EDITORIAL CALLS FOR EXPANDED TRADE WITH LAOS

BK280920 Bangkok MATICHON in Thai 28 Jan 86 p 6

/Editorial: "Trend of Thai-Lao Trade"/

/Text/ A call was made by senior government officials and businessmen from the northeastern region for the expansion of trade with Laos during the third meeting of the joint public-private consultative committee, held recently in Khon Kaen Province. As a result, the governors of the 17 northeastern provinces have been authorized to issue more permits for trade with the neighboring country. Ironically, no decision was made to open more border trading points. At present, there are only two trading points along the Thai-Lao border.

Since 1975, Thai-Lao relations have become tense due to differences in the administrative systems of the two countries. However, one of Laos' weaknesses that Thailand can exploit is that, as a landlocked country, Laos' most convenient route to the outside world is through Thai territory. The government's closure of 12 of the 14 border trading points in 5 provinces has created economic difficulties for Laos and deprived Thailand of its profit from trade with that country.

Statistics gathered from the customs checkpoints in the northeastern region on the value of foreign goods sent to Laos from 1978 to 1984 show that Laos spends 1.2 to 1.8 billion baht or an average of 1.546 billion baht on imports. Of this, Laos buys 400-800 million baht worth of Thai goods every year. It should be noted that the figures cited do not include the value of goods smuggled into Laos across the Thai-Lao border from that northern and northeastern regions. The exact value of goods brought into Laos during that period was many times higher than the official estimate.

Businessmen who have been trading with Laos revealed that, since the liberation of the country, Laos has faced heavy economic setbacks. The demand for textile products and other consumer goods is always high because the state shops cannot supply them. The majority of the Lao people depend on essential goods smuggled from Thailand.

Quite a few businessmen are calling for the opening of additional border trading points with Laos so that they can sell goods that are needed in that country. Moreover, Laos can be another market for our textile products, which are now facing protectionist measures in the industrialized countries.

So far, the Thai Government has not separated politics from trade, causing the country to lose markets for its products, particularly in Indochina including Laos. As a matter of fact, Thailand is in a much better economic position and should be able to exert its economic influence over those countries' political and military affairs.

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CSO: 4207/148

## THAILAND

### GOVERNMENT SEEKS COUNTERTRADE WITH EASTERN TRADE

Bangkok BANGKOK POST in English 19 Jan 86 p 6

#### [Text]

ALTHOUGH Thai trade with the Eastern bloc nations still represents less than 2% of Thailand's total trade, 1985 was noteworthy as the year that the Thai Government began in earnest, to increase its commercial relations with the socialist countries.

The value of trade with the East bloc has quadrupled over the last decade. In 1974, it stood at 1.2 billion baht. By 1984, it had reached 4.8 billion baht. Last year had been no exception to this moderate but steadily increasing exchange and the Board of Trade predicted another annual increase. Nevertheless, there is still potential for future growth. Thailand takes only 0.2% of the East Bloc's total exports.

Except for a stable balance in its trade with the Soviet Union, Thailand has suffered perennial deficits with the other nations of the Warsaw Pact. Thailand mainly exports primary commodities such as rice, maize, raw sugar and natural rubber. Its imports from the bloc have been predominantly fertilisers, chemical products, iron and steel, and machinery.

One problem which is stymying expansion of trade with the East bloc has been the shortage of foreign exchange on both sides. Thailand, as a commodities exporter, continually faces a scarcity of foreign currencies because its goods are losing value relative to the manufactured products and oil which Thailand must import. On the other side, the East bloc also suffers shortfalls in foreign reserves. What foreign exchange the East bloc nations do possess, they want to use to purchase technical goods rather than agricultural products.

Another problem which arises comes from the quality of the goods the East bloc exports. Thailand imports its most sophisticated manufactured and technical goods from Japan, Europe and North America. Generally, it has found that the machinery and other technical

goods it has imported from the East bloc are second-rate when compared to its imports from the West.

For Thai entrepreneurs, trading with East bloc concerns involves heavy bargaining. While the Thai Government is deeply involved in the promotion of Thai exports overseas, especially in such still untapped markets as the East bloc, it leaves the final negotiations to the private sector itself. They, in turn, must deal with East bloc negotiators who are recognised as some of the most sophisticated traders in the world, especially when it comes to commodities. As such, it is not surprising that such businessmen frequently complain that they find themselves at a disadvantage when bargaining with East bloc negotiating teams.

But the problems are begging solutions. And they have obviously not been so monumental as to curb trade with the East bloc in any significant way. Nevertheless, the governments involved have progressed through 1985, in negotiating ways to stimulate Thai-East bloc trade, especially as protectionism mounts in the West.

For the purposes of classification, it should be understood that by the East bloc, in terms of trade, the Soviet Union, Poland, the German Democratic Republic (GDR), Czechoslovakia, Hungary, Romania and Bulgaria are referred to.

As the largest economy in the bloc, the Soviet Union not surprisingly is the largest trader in the East bloc with Thailand. The news through 1985 vis-a-vis the commercial relations between the two countries, can be characterised as positive, especially in the sense that the two nations are both anxious to develop their trade further.

When the Jenkins Bill became such a heated issue for Thailand last year, the Soviet Union expressed interest in buying more textile products from Thailand to help offset the impact of reduced

exports to the US market. Also, the Soviets suggested buying Thai commodities with income earned from shipping Thai commodities abroad on Soviet ships.

Both these moves were seen as being made in a spirit of cooperation with Thailand at a time when Moscow is anxious to curry favour here. After all, the Soviet Union is still the major patron of Vietnam. So it realises that it must go a long way to please Thailand as the occupation of Kampuchea is perhaps the most burning external political issue affecting the Kingdom.

In late 1984, the first major move to formalise countertrade arrangements between the two nations was made. Under the agreement, Thailand would sell tapioca, flour, rubber, maize, rice, sugar and high-quality garments in a countertrade package, in exchange for fertilisers, hardwood, petrochemical products and farming machinery.

Parallel to the initiatives on both sides to foster increased trade have been the efforts, mainly on the Soviet side, to inculcate an ambience of friendly relations on a socio-cultural level. Moves to set up a Thai-Soviet Chamber of Commerce are being readied. But the Soviet Government's active encouragement of Thai students to study in the USSR has been met by the Thai Government with distinct reserve. Suspensions still cloud Thailand's non-commercial relations with the USSR and this attempt to recruit Thai students was met with demands that any such overtures be directed through the Thai Government, rather than being unilaterally organised under the auspices of the Soviet Embassy in Bangkok.

Thai exports in 1984 rose above those in 1983. But that was largely because 1983 was an unusually slack year in trade between the two countries. For the first six months of last year, Thai



exports reached 1,214 million baht, compared to 1,722 million for the January-June 1984. Thailand's leading export was broken rice which is undoubtedly destined for Vietnam as part of Soviet food aid to that country. The other major export was tapioca which goes into Soviet animal feed. Imports from the Soviet Union were not too active in 1985 and at this juncture, Thailand may have recorded a surplus. Imports for the first six months registered at 307 million baht. Thailand's major imports are ammonium sulphate, newsprint, raw material for plastics, and pharmaceuticals.

This year could see further increases in trade between the two nations as both are making all the motions for that to be accomplished. In that spirit, the Soviet Union will hold a trade exhibition here in 1986.

As for the rest of the East bloc, Thailand invariably imports more than it exports. For the future, Thai traders must rectify this continual imbalance. For most of the socialist countries, there was little that demanded headlines. It was through 1985, mostly business as usual.

Polish trade with Thailand, as with most of the bloc, was hurt by their mutual need for foreign exchange. Poland is also the socialist country with the biggest debt burden to pay off, which makes it additionally reluctant to part with scarce foreign reserves. Nevertheless, Poland did import 175 million baht worth of primarily rubber products and coffee in the first six months of 1985. This was about the same as in the previous year.

Thailand imported 141 million baht of goods from Poland in the first half of 1985, with the leading imports being weed killers, AC/DC motors and skimmed milk powder. Zinc ingots were one of the lead items in 1984, but as Thailand is now mining and smelting its own zinc, those imports were not significant last year.

Thailand suffered a large deficit with Hungary. In the first half of 1985, Thailand exported 36 million baht worth of goods, primarily rubber prod-

ucts and high-quality garments. Last year, rubber exports exceeded garments in value. As for its imports, Thailand bought 270 million baht worth of Hungarian products. Plastics, pesticides, and iron and steel forms, were the principal items with overall imports dropping in value over those for 1984.

In 1985, Romania signed a three-year agreement with Thailand worth \$860 million. Under this contract, Romania will supply Thailand with fertilisers, agricultural machinery, tractors, insecticides, pesticides, wines and spirits. Thailand will export to Romania tapioca products, rice, refined sugar, molasses, coffee and frozen chicken.

Romania has gained favour with Thailand because of its positive attitude to solving their mutual need for foreign exchange as well as trade. Thus, these agreements are set up as countertrade arrangements. This year also, a barter agreement was organised for Romania to ship 110,000 tons of fertiliser in exchange for 20,000 tons of Thai rubber. It is hoped by both sides to make full use of these trade pacts. The previous trade arrangement running from 1981 to 1985 was designed to stimulate trade worth \$200 million per year. But annual trade in this period fell far short of the target, averaging only \$50 million per year.

In 1984, trade fell once again in Romania's favour. Thailand exported 219 million baht and imported 716 million baht worth of goods. Romania has been very cooperative with Thailand in its willingness to provide both fertilisers and the technology necessary for Thailand to develop its own fertiliser industry by conversion of its natural gas resources. In addition to this, Romania has developed friendly relations with Thailand because of its politics. It is one of the only East bloc nations to view the Kampuchean conflict as the Thais do, and Romania has been noteworthy as a socialist country asking for the Vietnamese to withdraw.

As for the specifics of trade between the two nations in 1985, Romania exported goods worth around 300 million baht in the first six months. The Romanians exported fertilisers, plastics, synthetic resins and rubber. They imported coffee and rubber products worth

about 100 million baht from Thailand during the same period.

Thailand has had commercial relations with the German Democratic Republic (GDR) for some time, but because of its large trading relationship with West Germany, the relationship has not been given priority. Nevertheless, Thailand-GDR trade has assumed much the same pattern as trade with the other East bloc nations. The leading Thai exports are rice, rubber and garments. These products fluctuate in their orders per year. In 1985, rubber was Thailand's leading export to the GDR. Thailand exported goods worth 26 million baht to the GDR in the first half of 1985 and imported primarily iron and steel, machinery and typewriters worth 53 million baht from the GDR.

There was no news concerning Thai-Bulgarian relations in 1985. In 1985, Thailand exported in the first six months 20 million baht worth of lead, tapioca, cotton cloth and silk. In the previous year, it also exported sugar, artificial flowers, rubies, sapphires, emeralds and canned fruit.

Bulgaria exported products worth 94 million baht in the first term of 1985. One quarter of its exports is iron and steel products. It also exports pesticides and herbicides to Thailand.

As pressure mounts for Thailand to diversify its products for export and find new markets, the East bloc has become more and more attractive. Many leading figures began advocating greater efforts to enhance trading relations with the East bloc in 1985, to offset American protectionism. It is obvious that Thailand will have to go a long way before lessening its dependence on its trade with Japan and the United States. And the socialist countries are not really in a position with their own scarce foreign currency reserves to rapidly expand their imports from Thailand.

Countertrade arrangements between Thailand and the East bloc show the most promise as ways of building up trade relations and in the coming year, it is likely that more of these agreements will be signed between Thailand and the governments of the East bloc nations.

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CSO: 4200/633

THAILAND

CGDK ACTIONS SEEN AS DELAYING SRV OFFENSIVE

BK291043 Bangkok Voice of Free Asia in English 1500 GMT 28 Jan 86

/Station commentary: "What Has Delayed the Vietnamese Dry-season Offensive This Year"/

/Text/ Last year, around Christmas time, the Vietnamese troops occupying Kampuchea launched the fiercest dry-season offensive, resulting in massive destruction to the bases belonging to the Kampuchean resistance forces of the Coalition Government of Democratic Kampuchea, or CGDK. This year, the 1st month has almost gone by rather peacefully. What has caused the Vietnamese to delay their annual dry-season offensive against the CGDK forces? The answer is simply the intensified activities of the CGDK forces in the interior of Kampuchea, which have continued to pose major threat to the Vietnamese.

The CGDK forces not only managed to disrupt Vietnamese logistics supplies of food and weaponry by destroying roads and bridges, they also win over greater and more active cooperation as well as sympathy from the Kampuchean population, who have become increasingly antagonistic and disillusioned with the occupying Vietnamese forces. Vietnamese behavior as conquerors during the past 7 years of its occupation of Kampuchea totally discredited its claim that the Vietnamese had come to Kampuchea as saviors.

It has become evident to every Kampuchean that the Vietnamese in fact have been trying to Vietnamize Kampuchea and deprive the Kampucheans of their homeland. As a consequence, the Kampuchean people are willing to provide the CGDK fighters with information on enemy movements. Not surprisingly, the Vietnamese are confronted with harassments from the CGDK forces in Siem Reap, Battambang, Kompong Thom, Kompong Chhnang, including the areas around Tonle Sap and the environs of the Kampuchean capital of Phnom Penh. By breaking up their forces into small guerrilla bands operating deep inside Kampuchea, the CGDK forces can easily employ hit-and-run tactics, leaving no fixed resistance positions susceptible to large-scale attacks by the Vietnamese.

The growing difficulties facing the Vietnamese in this dry season include its severe economic situation, low morale among its fighters, and conflicts with their allied forces. According to National Security Council Chief Squadron Leader Prasong Sunsiri, 800 soldiers defected from the Heng Samrin forces and 200 from the Vietnamese forces in Kampuchea during December last year.

Intelligence reports also indicated that the morale of the Vietnamese and Heng Samrin forces has declined to the extent that they have been building mud forts around villages in the same manner as the Saigon soldiers during the Vietnam war.

The defection of the Heng Samrin troops and the disaffection of the Kampuchean people have caused the Vietnamese to distrust the Kampuchean citizens as well as the military personnel. Following a mutiny against the Vietnamese staged by the Heng Samrin soldiers, there had been considerable movements of Vietnamese troops in Kampuchea, including the disband of Heng Samrin's 2d division and the replacement of Heng Samrin's 5th Division troops from the Phnom Penh area by the Vietnamese forces. Vietnam reportedly dispatched new troops to Siem Reap and the western provinces of Battambang, Pursat, and Koh Kong between mid-December and mid-January. Such extensive replacements indicated that the Vietnamese no longer trust Heng Samrin forces near the capital. Even the Soviet-made weapons intended for Heng Samrin's troops had been withheld by the Vietnamese because of this growing distrust.

Nevertheless, Vietnamese annual dry season offensive against the CGDK cannot yet be ruled out. Vietnam has recently moved a large number of troops and supplies, including tanks and fuel, from Vietnam into Samraong District of Siem Reap and Oddar Meanchey. Reinforcements and heavy weapons were also deployed to Battambang Province. Moreover, about 2,000 Kampuchean civilians have been drafted to clear forests, build barricades, and lay mines in the areas opposite Thailand's Sangkha and Kap Choeng districts of Surin Province. At the same time, the 50th Regiment engineers were assigned to dig a 16-km trench parallel to the Thai border from Pol Pet across Aranyprathet District up to Nong Chan of Ta Phraya District so as to prevent Heng Samrin's soldiers and Kampuchean civilians from defecting to Thailand. In case the Vietnamese decide to launch the dry season offensive, this time they will certainly meet with stiff resistance from the CGDK forces. The three factions of the CGDK are engaged in the fighting against the Vietnamese. With the troops of at least 30,000 inside Kampuchea, the CGDK forces are mounting separate battles and coordinated operations very effectively. They are not any longer a piece of cake to be easily swallowed by the Vietnamese.

/12228

CSO: 4200/625

THAILAND

BANGKOK RADIO VIEWS TENSION ON EASTERN BORDER

BK301010 Bangkok Domestic Service in Thai 0530 GMT 30 Jan 86

/Article: "We Must Pay Attention to the Border During This Dry Season"/

/Text/ Dear listeners, the situation along the Thai-Cambodian and Thai-Lao borders during the dry season every year brings anxiety as fighting inside Cambodia continues. Vietnam has not yet halted its genocidal war against the Cambodian people despite the effectiveness of guerrilla warfare waged by the Cambodian people against the Vietnamese aggressors. Meanwhile, Vietnam is experiencing economic problems and low morale of its soldiers in Cambodia.

The army secretary has disclosed that although Vietnam will not launch any large-scale military offensive in Cambodia in 1986, it has moved its troops and war equipment into the area along the Thai-Cambodia border, especially at the point where the Thai-Cambodian and Thai-Lao borders meet. Reinforcements and heavy weapons have been delivered to the area opposite Ta Phraya District of Prachin Buri Province. Obstacles and mines were planted opposite Ta Tum village in Sangkha District up to Ta Kao village in Kap Choeng District of Surin Province. Vietnamese troops also dug a 16-km strategic canal along the Thai-Cambodia border to prevent the Cambodian people from fleeing to Thailand.

As for the Thai-Lao border, the air force secretary recently revealed that from October to November last year, MiG aircraft from the airport in Vientiane near the Thai border overflew Thai territory in Nong Khai. On some occasions, the Lao aircraft penetrated as deep as 5 km inside Thai territory. The Thai Air Force and the Foreign Ministry sent a protest note to the Lao Government which resulted in the reduction of violations of Thai airspace by Lao planes.

Dear listeners, such behavior by Vietnam and Laos hinted that the situation along the Thai border during this dry season would not be different from past years. We must always remain vigilant because the movement of troops and weapons can now be easily made. We never bother with the fighting that takes place outside our territory. However, almost every suppression operation against the Cambodian people affects Thailand. For example, shells from the other side regularly cause death and property damage to the Thai side. Cambodian people will continue to flee to Thailand during this dry season as always. Nobody can predict when Vietnam will open its new offensive.

Meanwhile, Laos, which is now under Vietnamese influence, is not very friendly with Thailand despite the fact that the latter always tries to be lenient and solve problems through peaceful means. Laos continues its propaganda campaign against Thailand. The deliberate violations of Thai airspace by Lao aircraft were rather suspicious.

Dear listeners, no matter how the situation along the borders might deteriorate, we can be confident that our forces are always ready to confront the enemy. As the soldiers in the front line are prepared to defend the country's independence and sovereignty, we in the rear must be united and try not to create any problems in the country because the enemies have not yet lowered their guard.

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CSO: 4207/148

THAILAND

COMMUNIST SUSPECT GETS DEATH FOR MURDER

BK290802 Bangkok BANGKOK WORLD in English 29 Jan 86 p 1

/Text/ Communist suspect Surachai sae Dan was sentenced to death by the Military Court this morning, ending over 3 years of investigation and trial which followed his arrest in June 1982.

The court found him guilty of killing a police officer during a train robbery in Surat Thani in 1978.

Two codefendants were each given 10 years in prison.

Since the case was tried by a military court there is no appeal, although the men may petition to His Majesty the King for amnesty.

Surachai listened calmly and smiled when the military tribunal, established under martial law, read his death sentence.

But moments later he answered reporters' questions in a trembling voice and reaffirmed his innocence.

He claimed that he did not shoot the police officer and said that he believed the officer had been shot by other communist guerrillas during the train holdup.

An informed source at the Interior Ministry said that Surachai, 43, has the right to petition to His Majesty the King for amnesty within 60 days.

If he petitioned, via the Interior Ministry, he would be given a 90-day grace period, but if there is no reply from His Majesty within the grace period he would be executed by order of the military tribunal.

The execution will take place at Bang Khwang maximum security prison where he had been imprisoned since June 1982.

Surachai and two codefendants, Mali Sakhon, 49, and Prawit Phaenkhachon, 42, were charged with sedition, Communism and being members of the outlawed Communist Party of Thailand /CPT/. Surachai alone was accused of murdering the police officer, Pol Capt Sawai Phonchana, during the train holdup.

The murder charge put Surachai on death row.

All three men were sentenced to 15 years for sedition, Communism, and being members of the CPT.

However the military tribunal commuted their terms to 10 years.

Surachai alone was given the death sentence after 30 state witnesses accused him of being responsible for the shooting of the officer.

The most damning account had come from Captain Sawai's wife, Mrs Saengchan, who told the court that she saw Surachai draw a pistol and shoot her husband in the head.

The prosecution had also asked the court to punish Surachai for putting the Nakhon Si Thammarat governor's residence to the torch in 1975.

However the court said that since Surachai had already received the death sentence no more sentences should be levied on him.

Relatives of Surachai burst into tears on hearing the death sentence.

Defense lawyer Thongbai Thongpao made no comment and looked sad.

Surachai said in a trembling voice that he did not shoot the officer. He said that he believed the person who shot the officer might be a CPT guerrilla who fired from the jungle.

"There is no pistol powerful enough to pierce the skull and penetrate to the back of the head," he said in an attempt to indicate that the officer had not been shot with a handgun but from a powerful rifle.

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CSO: 4200/625

THAILAND

CENTRAL BANK TO EASE MONEY POLICY

Bangkok BANGKOK POST in English 6 Jan 86 p 15

[Text]

**THE Bank of Thailand is to ease the monetary policy to help boost commercial bank's credit extension, Bank of Thailand Governor Kamchorn Sathirakul said.**

The central bank has requested cooperation from commercial banks to expand credits to priority sectors to help stabilise the country's economy.

Mr Kamchorn made the request during a meeting with top executives of the 16 commercial banks at the central bank on Friday.

It was the first meeting between the central bank and commercial banks this year, during which Mr Kamchorn revealed the central bank's monetary policies for this year to the bankers.

After the meeting, he told reporters that the central bank would ease its tough monetary policy this year.

Last year, the central bank had emphasised monetary stability and all monetary measures imposed were aimed at achieving this goal.

"The measures to preserve monetary stability have caused commercial banks to impose strict

controls on their credit extensions, resulting in a low total credit extension growth," Mr Kamchorn said.

The measures imposed last year included a reduction in the amount of money injected into the market through the repurchase market. This was aimed at halting capital outflow.

During the last quarter of 1985, the Group of Five industrialised countries' intervention had caused the value of the US dollar to fluctuate in the international market.

The dollar's volatility had also affected the value of the baht as the dollar content in the basket of currencies was expected to be about 93%.

The dollar's fluctuation had caused the premium rate for forward transactions to soar, causing the cost of bringing in capital to be higher than the cost of taking domestic loans. This resulted in a sharp drop in the country's for-

eign exchange reserves.

The reduction in the amount of money injected into the market was aimed at encouraging commercial banks to bring in foreign capital.

The Bank of Thailand also depreciated the baht's value against the US dollar by 50 satang on December 2, to make it more attractive to bring in foreign capital.

**NET INFLOW**

The central bank's Banking Department Director Rerngchai Marakanond said the liquidity in the market had improved at the end of last year because foreign banks operating here and big corporations began to take foreign loans, enabling the capital transfer to gain a net inflow.

"The Exchange Equalisation Fund had bought more dollars than selling," he said.

The central bank's Commercial Bank Super-

vision and Examination Department Director Dr Ekkamol Khiriwat said the total reserves had increased from \$2,978 million to over \$3,000 million at the end of last year.

Mr Kamchorn said the relaxation in the monetary policy to be imposed this year is expected to help boost commercial banks' credit extensions.

But he said the central bank's top priority policy would still be to achieve stability.

"I have requested commercial banks to cooperate with the central bank by extending more credits to priority sectors. I asked them to think of our country's future," he said.

One of the measures aimed at boosting credit extensions is the lowering of the interest rate ceilings to 17% for lending and 11% for deposit, which took effect on Thursday, Mr Kamchorn said.

He said the Government this year also plans to promote housing projects for low income earners.

"There will be other measures," he added.

But he said the central bank is ready for talks with commercial banks if they have any problem.

"We will establish a two-way communication. I have ordered the Commercial Bank Supervision and Examination Department to work harder to coordinate with commercial banks," Mr Kamchorn said.



THAILAND

CENSUS PLANNED FOR HILLTRIBES

Bangkok BANGKOK POST in English 14 Jan 86 p 5

[Text]

THE government will next week start a census of hilltribe people in three northern provinces and a senior government official reports that the overall population of hilltribe people has doubled since the last census was conducted 12 years ago.

Pramool Chantarachamnong, director general of the Department of Public Welfare, told *The Nation* the department, in cooperation with the border patrol police, will this year conduct a census of the hilltribe people in Chiang Mai, Chiang Rai and Phayao, the three northern provinces where most of the hilltribe people live.

He said a total of 390 people are being put to work on the project which will be carried out within four months.

Pramool said 130 groups, each comprising three members, will be sent into the rugged mountainous terrain to conduct the census from village to village in the three provinces.

At least one armed border patrol policeman will accompany each of the field groups, he added.

The formal ceremony to launch the "Survey of Hilltribe Population Information Project" will take place tomorrow at the Naresuan Maharat Camp in Chiang Mai, to be presided over by the Deputy Interior Minister Opas Polsilp.

After the opening ceremony, the 390 members of the survey teams will have orientation courses in the camp for a week before starting their census in about 2,000 hilltribe villages on January 23.

The four-month survey seeks to record the locations, size of population and households, different tribe, health services, education, religions, water reservoirs and cultivated areas in each of the villages.

The survey was a response to a Cabinet resolution in April 1984, approving a three-year project to find out the demographic, economic and social aspects of the hilltribe population in 22 provinces in the north, northeast and upper central regions.

The project was divided into two parts. The first part which was recently completed used satellite and aerial photographs together with other data to map the locations of each of the villages in the 22 provinces. The map will be used by survey teams to carry out the census for the second part.

The census in Chiang Rai, Phayao and Chiang Mai is a contribution of the pilot project conducted in Tak last year.

The survey project was conceived by the government which was concerned by the impact of the hilltribe community on national security and development. Hilltribe people have engaged in illegal poppy cultivation and opium trading.

The other important concern is that the hilltribe population has been steadily increasing due to the high birth rate and immigration from neighbouring Burma and Laos.

Civilian and army officials said repatriation of Burmese and Laotian hilltribe people has occasionally taken place. One senior army officer admitted that forced repatriation was applied in cases when the people resisted.

Apart from border patrol police, each of the three-member survey teams which will begin their census next week will also be accompanied by an official of the hilltribe welfare and development centres in the surveyed provinces. They will advise the teams in the early stage.

Pramool said last year's survey in Tak showed an increase of 69,862 hilltribe people in 478 villages of the province. He said the last census in 1973 found about 60,000 hilltribe people in the province.

The hilltribe population in Tak doubled in the last 12 years and Pramool said he expected the same situation in other provinces.

According to the director general, the last census showed that 400,000 hilltribe people lived in 2,400 villages in 22 provinces with several Chinese Haw scattered in several provinces.

Pramool said about eight to nine million baht were spent during the census last year and it is expected that another 10 million baht will be sent on this year's census.

He said that after the census is completed in Chiang Rai, Chiang Mai and Phayao, the authorities will next year continue their project in the remaining 13 provinces.

The director general said Mae

Hong Son is the only northern province with half of its population made up of hilltribe people.

Pramool said he expected that the project will be completed on time. However, he said, "it also depends on the budget."

He said the authorities have been receiving good cooperation from the hilltribe people because most of them want to become Thai citizens.

"They are willing to cooperate with the officials because they fear that they will lose their rights," he added.

He said about 100,000 hilltribe people have been granted identification cards and 600,00 of them are eligible voters.

After the conclusion of the census, the government development units will be sent into the hilltribe villages to provide them with education and vocational training, he said.

The official said after next year the hilltribe people, who are excluded from the current census, will have to provide evidence that they have been long-time residents of Thailand.

According to Pramool, those who fail to show such evidence will be arrested and charged with illegal immigration or repatriated to the countries where they came from.

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CSO: 4200/633

THAILAND

RICE POLICY CHANGES ANALYZED

Bangkok BANGKOK POST in English 22 Jan 86 p 18

[Article by Peter Mytri Ungphakorn]

[Text]

**THE Council of Economic Ministers' decision on Monday to liberalize rice exports and scrap the legal minimum price for paddy is remarkable, not only because it represents an about-turn in government policy. It also reflects how the government's decision-making mechanism operates.**

The decision was made only five days after Pol Capt Surat Osathanukroh took over as minister of commerce, and sources say preparations for the new rice policy were the result of intensive discussions over a period of barely one week.

Then, yesterday, came the second thunderbolt. The swiftiness with which Surat has moved to regroup his senior civil servants shows just how detailed those discussions were. Surat and his advisers were anxious to make sure that the new policies would be implemented by people they considered would form the best team.

But these moves also reveal something of the way decisions are made in government, by individuals and by political parties such as the Social Action Party. And they come at a time when rice exports, once the very foundation on which the Thai economy was built, are being tested more than they ever were before.

During Monday's discussions, the prime minister was clearly anxious to dispel any impression that the "paddy price lifting policy" and the export regulations were the sole responsibility of Surat's predecessor, Kosol Krairiksh.

The official press release announcing the "Economic Cabinet's" decision made a point of quoting General Prem's warning to his ministers.

"Ministers should bear in mind that all the measures announced, including those that have been amended, arose from the decisions of the Cabinet. They are not the responsibility of any single minister," Prem said, "otherwise it would not be fair to ministers who put into practice Cabinet decisions."

Some of Kosol's severest critics have been saying exactly the same. At the end of the eight-hour debate on Kosol's paddy price lifting scheme last October, the ministerial task force set up to examine the matter is reported to have voted 7-3 in favour of the policy.

Among the ministers said to have been in favour were: PM's Office Ministers Suli Mahasandana and Meechai Ruchupan, Communications Minister Samak Sundaravej, Agriculture Minister Narong Wongwan, Deputy Commerce Minister Phairojana Jayaphorn and Deputy Industry Minister Mechai Viravaidya.

Yesterday, Deputy Premier Bhichai Ratakul said he had been against Kosol's policies all along, but it is understood that as chairman of the task force he did not vote and nor did he express an opinion.

Those ministers and others were present at the October 21 meeting of the Council of Economic Ministers, four days later, that approved the package. There are no reports of any voting at this

meeting, but all ministers present hold collective responsibility.

This week, the ministers changed their minds — all of them. In fact, despite his resignation last week, Kosol is the only minister still defending the policy. He blames his former colleagues for providing insufficient funds, and all parties concerned for failing to cooperate with the scheme.

The Social Action Party and its remaining ministers such as Narong Wongwan and Phairojana Jayaphorn have yet to explain their dramatic change of mind. The government's explanation is in terms of changing market circumstances and the new threat to Thai exports resulting from the lowering of US rice prices when the new Food Security Act takes effect in April.

But in fact the new policy implies an entirely new analysis of the way the rice market works. Surat and his ministerial colleagues have been explaining how liberalizing exports will help to lift domestic rice and paddy prices: exports will become easier, exporters will buy up more rice on the domestic market, and their bidding for more rice will raise the prices.

That, in fact, is exactly what the prime minister's adviser, Dr Virabongsa Ramangkura, argued during the long and heated debates last October. He, along with other academics such as Dr Chirmsak Pinthong and Dr Ammar Siamwalla, were accused of being too concerned with economic theory and being blind to the realities of practice. Now, the practitioners in the Social Action Party and at the Ministry of Commerce are citing the theories as if they were their own.

The ease with which the ministers apparently changed their minds could imply that many of them did not think out clearly how the rice markets operate — but that is not necessarily what happened. Even if it is, there is no guarantee that the new decision is the outcome of clearer thinking.

There have been suggestions that at the crucial stages of the October debates, some ministers concluded that Dr Virabongsa's arguments were valid, but the government should accept Kosol's policy in order to be seen to be doing something to help farmers. Even if the policy failed, the government would have been able to "buy politics," they said, pacifying farmers with a show of concern.

Farmers' reactions earlier this month suggest that the idea of "buying politics," if ministers really believed in it, was the one most doomed to failure.

General Prem's comments on Monday suggest that another consideration lay behind the original decision to accept Kosol's policies. There is the tendency for ministers to refrain from trespassing on each others' territories. The tendency has been shown in a number of other decisions and reversals made in the past, and was emphasized last October by Kosol's announcement that he would take sole responsibility for his policy.

Prem was reaffirming the concept of collective responsibility on Monday, implying the need for ministers to make sure they grasp the essentials of the complicated issues they decide on.

While Kosol and his advisers at the ministry of commerce can argue that farmers failed to sell standard grade paddy at 3,000 baht per ton because of lack of cooperation, it is clear that farmers were not pacified by the outcome. Some even said that they would have been less discontent if the government had never promised to lift the price of paddy to 3,000 baht in the first place.

It remains to be seen how the government will now deal with rice. Surat's abrupt reshuffle at the ministry yesterday indicates the extent to which some officials are committed to the idea that exporters need to be controlled in order to prevent harmful price undercutting, and that forced stockholding is the best way to ensure that paddy and rice is bought.

The removal of Bajr Israsena from the Department of Foreign Trade reflects the opinions of Surat and his advisers that Bajr is a leading advocate of market controls. In theory, his replacement should allow the more liberal export policy to be implemented more wholeheartedly.

Free traders have been blaming the market controls for the slowdown in trade at a time when trade is normally at its seasonal peak. Kamnan Song Ongchaiwattana, the proprietor of the major paddy market near Nakorn Sawan said on Monday that trading was half the normal level for the time of year, at two hundred truckloads of rice each evening over the weekend.

Traders at the Kamnan's market said farmers were holding on to

their newly harvested rice because the prices were so low. His records show prices for all grades of paddy ranging from about 2,050 to 2,380 baht per ton. How this relates to the prices paid by mills, the prices actually controlled by the legal minimum levels still in force last weekend, depends on the distance from the Kamnan's market to the mills.

Normally the transportation cost can be between about 80 baht and 150 baht, meaning that if the mills were buying at the legal minimum of 3,000 baht for the standard grade of paddy, the price on the Kamnan's market should have been 2,850 and 2,920 baht per ton instead of just under 2,400.

The observations about paddy sellers holding back were confirmed by the unusually low number of sellers last weekend, although it is difficult to be sure whether it is traders or farmers who are actually stocking the rice.

Asked whether they could hold on to the rice in anticipation of strengthening prices, some farmers said that they had to sell in order to pay off their debts.

At the export end, observers say the possibility that Thai rice might become more expensive if Kosol's legal minimum prices took effect, caused foreign buyers to hold back. Orders are said to have all but dried up since the days running up to the official launch of Kosol's paddy policy on December 1.

Despite Ministry of Commerce rules requiring exporters to build up stocks, exporters also slowed down their purchases. Mills, complaining that the legal minimum prices for the paddy they bought squeezed their profit margins, are also said to have slowed down their buying.

The extent to which all this has been exaggerated to reinforce arguments and counter arguments is difficult to gauge, but there is no doubt that trade has slackened considerably.

Even if the free traders are correct in their assessment of the workings of the rice market, rice is in for a tough time. The release of exporters stocks may or may not depress prices further in the initial stages.

And as the weeks and months go by discussions and debates are likely to continue into whether price cutting competition between Thai exporters is harmful because of the loss of foreign exchange earnings, or simply a natural part of the competition that will sustain domestic purchases at a time of falling world prices.

The new US Farm Act is going present one of the severest challenges to Thailand's rice export strategy, and some are still asking why the government agreed to keep the export premium on high grade rice. They argue that the premium discourages farmers from producing high grade rice, despite official urgings that the quality of rice should be improved to combat competition from the US.

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CSO: 4200/633

THAILAND

THAILAND TO BASE TIN PRICES ON KUALA LUMPUR MART

BK300139 Bangkok BANGKOK POST in English 30 Jan 86 p 15

/Text/ The Industry Ministry yesterday rejected a pending proposal to set up a formal Thai tin market similar to the Kuala Lumpur Tin Market /KLTM/.

The Kuala Lumpur Tin Market, closed since the international tin trading collapsed last October, will be reopened for limited trading on Monday.

Industry Minister Dr Chirayu Itsarangkun na Ayutthaya and Mineral Resources Department Director General Siwawong Changkhasiri said "there is no need for Thailand to set up its own tin market."

The ministry had considered the proposal, submitted about 2 months ago by Thailand Smelting and Refining Co. (Thaisarco), for some time but only made its stance clear yesterday, apparently upon reports that KLTM will resume trading.

Both Dr Chirayu and Mr Siwawong indicated that Thailand would continue to base its tin prices on quotations at KLTM, which reflects prices quoted at the London Metal Exchange /LME/, as traditionally practiced.

"It is impossible for a country like us to build up such a terminal market. We are only a third country," they said.

They added that the most impeding point in the setting up of a Thai tin market was the setup of an intermediate body to operate the market.

Yesterday's statement from Dr Chirayu and Mr Siwawong coincided with remarks made earlier by Thaisarco chairman Bernard Coe who said: "It will only be necessary to introduce a formal Thai market, particularly LME, remained closed for a long time."

Mr Siwawong also reported that volume of tin traded through Thaisarco's arrangement which began on 17 December till Monday totalled 2,305 metric tons with the average price dropping by 15 percent in the period.

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CSO: 4200/625

THAILAND

BRIEFS

SOVIET UNION BUYS RICE--Reports of the massive purchase of 100,000 /metric/ tons of A-1 Special grade white broken rice from a Thai exporter by the Soviet Union resulted in an increase in the price of all types of broken rice in Bangkok by 5 baht a picul /60 kg/ during the last 2 days of last week. The price of this type of rice rose further by a few baht per picul yesterday. However, the prices of other types of rice remained unchanged yesterday. Trade sources said that the big purchase by the USSR helped support the price of low grades rice in the domestic market. The USSR placed an order for the above amount of rice with Thai Hua Co. for shipment to Vietnam during February and April. The ship, "Agate," arrived in Bangkok over the weekend to pick up the first 10,000 tons. The purchase by the USSR was the second biggest deal concluded by Thailand last week. The largest purchase was made by China of which its national Cereals, Oils and Foodstuff Import-export Corp. agreed in a contract to buy 200,000 tons of Thai rice worth 830 million baht. The cereal is of 25 percent grade white rice, and the deal was under government-to-government basis. The deal by the USSR was under commercial basis. /Text/ /Bangkok BANGKOK POST in English 28 Jan 86 p 22 BK/ 12228

'SECRET' NOTE ON COUP--Alleged leader of the abortive 9 September coup Col Manun Rupkhachon has sent copies of a secret document to defense lawyers of the 40 coup suspects in a bid to help exonerate them from the charges, a reliable source told the WORLD this morning. The source said the defense lawyers had already received the document. He said the document explains the mystery behind the abortive coup and reveals the identities of the "powers-that-be" who master-minded the coup attempt. The source did not give further details but hinted that the document could be used as a guideline for the defense lawyers to cross-examine state witnesses and used as a lever to press the government for amnesty. Meanwhile, state prosecutor Direk Sunthonket told the WORLD this morning that the prosecution had prepared three witnesses for tomorrow's hearing of the coup trial. They are Deputy Supreme Commanders Adm Supha Khotchaseni and Gen Bunrit Thanthanon, and another air force officer Group Capt Somnuk Chuansanit based at Dong Muang RTAF Headquarters, he said. Tomorrow's hearing will begin at 8:30 am. /Text/ /Bangkok BANGKOK WORLD in English 30 Jan 86 p 1 BK/ 12228

OFFICER ON COMMUNISTS IN NORTHEAST--There are only 40 to 50 communists still active in the northern part of the Northeast, Commander of the Sixth Zone Police Division Pol Maj Gen Phongthon Tantiwatthana said yesterday. According to Pol

Maj Gen Phongthon, these members of the Communist Party of Thailand are concentrating their activities in Khon Kaen's Chum Phae District, Nakhon Phanom's Na Kae District, Mukdahan's Dong Luang Subdistrict, districts of Dan Sai and Tha Li of Loei Province and part of Udon Thani and Kalasin borderline. The commander pointed out that the authority is trying to counter the political plan adopted by the insurgents recently by introducing the mass relations campaign in seven northeastern provinces under his jurisdiction. The government officials would be asked to work closely with local residents in every village, he said. However, members of the CPT are still able to influence some areas in the region. In certain part, CPT members can cooperate well with some local influential people. According to the commander, the influential people gained their power through the help of these CPT members. /Text/  
/Bangkok BANGKOK WORLD in English 28 Jan 86 p 3 BK/ 12228

MESSAGES TO UNITED STATES ON SHUTTLE--Prime Minister Gen Prem Tinsulanon today sent a message to the U.S. President expressing sorrow for the tragedy of the explosion of the U.S. space shuttle. It reads: I feel deep sorrow for the tragedy involving the explosion of the space shuttle Challenger. On behalf of all the Thai people, I am extending my deepest sorrow to the families of the seven crewmembers for their loss. We join the American people in mourning. We greatly owe the United States for its sacrifice in space research for the benefit of all mankind. Deputy Prime Minister and Foreign Minister Air Chief Marshal Sitthi Sawetsila also sent a message to the U.S. secretary of state expressing sorrow for the tragedy involving the U.S. space shuttle. It says: I am deeply shocked by the news of the explosion of the space shuttle Challenger. I could not believe that it really happened. We are deeply saddened by the death of the seven crewmembers. We extend our sympathy and deepest sorrow to the families of the shuttle crewmen. I am convinced that this tragedy will make the United States even more determined to pursue the space quest for the benefit of all mankind. /Text/ /Bangkok Domestic Service in Thai 1200 GMT 29 Jan 86 BK/ 12228

CSO: 4207/148



VANUATU

BRIEFS

EXPORTS DROP, IMPORTS RISE--Vanuatu's exports for the nine months of 1985 to September 30 totalled Vt2397 million (\$A32.8 million approx) compared to Vt3339 million (\$45.8 million approx) for the corresponding period of 1984. Copra earned Vt1123 million (\$15.4 million). Imports for the same period totalled Vt4587 million (\$62.8 million) compared to Vt4054 million (\$55.5 million) for the nine months of 1984. [Text] [Sydney THE SOUTHSEA DIGEST in English 10 Jan 86 p 4] /9317

CSO: 4200/617

WESTERN SAMOA

SOLIDARITY OF NEW CABINET UNDER STRAIN

Apia SAMOA TIMES in English 3 Jan 86 pp 1, 16

[Text] The solidarity of the Coalition is under strain following the announcement of the Cabinet on Monday.

One senior Coalition member said the Prime Minister, Vaai Kolone, has lost a great deal of credibility through what he considered as "ill-advised choices."

While critics have faulted most if not all of the Prime Minister's Cabinet appointments for one reason or another, the most widely criticised is that of Faasootauloa Semu Saili as Minister of Finance again.

Faasootauloa, as untitled Sam Saili, was Minister of Finance under the late Prime Minister Fiamē Mataafa F.M.11 from 1973-1975 but was removed after Fiamē's death by his successor Tupua Tamasese Lealofi IV in the middle of a scandal over the allegedly illegal importation of several cars for his sister.

Toeolesulusulu Siueva's appointment to be in charge of the Ministry of Transport has also been criticised because of his own departure from the then Department of Marine was made under highly controversial circumstances some years ago before he went into politics.

Critics have also recalled the controversy with the University of the South Pacific (USP) while Le Mamea Ropati was Minister of Education in 1983/1984. Now that he has been appointed there again the critics say that USP can again expect problems in the future. Le Mamea was mainly responsible for establishing the so-called National University of Western Samoa.

Prime Minister Vaai defended his selection of ministers by saying that he had taken into consideration "previous experience" in making his choices. In brief interview shortly after the one-hour sitting of the House on Tuesday, the Prime Minister said the ministers were chosen in the belief that they would be the best to effect the programme he has in mind.

This made their appointments conditional on performance, he said, and anyone who does not deliver will face consequences.

"I will not hesitate to sack anyone who does not measure up," he said.

Regarding the appointment of Faasootauloa, the Prime Minister admitted that there were "political other considerations." These were taken to include the hard work of the minister's brother, Tuigamala Anetipa Lam Sam, the Coalition's secretary in the fashioning of the body from the former members of the Human Rights Protection Party (HRPP) and the members of the Tupuola's Christian Democratic Party (CDP).

Apart from these criticisms of the persons chosen as ministers, others concern the composition of the Cabinet itself. For instance, critics say, there is no apparent justification for having three ministers from just one district, Aana, and none at all from five other traditional districts.

Atua and Tuamasaga of Upolu and Saleaula, Palauli and Vaisigano from Savaii are the only other districts represented in Cabinet. Individual voters have a representative even though they have barely two thousand in the rolls.

But this representative, George Lober, is reportedly not too happy with his posting to Justice because of his lack of a matai title. Traditionally the Minister of Justice has been a senior matai in view of the frequent contracts with matais because of matters relating to the Land and Titles Court.

On the other hand Le Tagaloa Pita is quite pleased with his responsibility for Radio ZAP because of his interest in mass communication and the press. Le Tagaloa recently put out the first issue of a multi-coloured monthly magazine, 'O le Fee,' (The Octopus) with his wife, Aiono Fanaafi, MP, as Editor-in-Chief. The couple also publishes The South Sea Star.

Fuimaono Mimio returns to the Department of Agriculture where he served in 1976-79 at a time when the department is having problems not only because of the drastic drop in the price of copra but also because of the reported losses of millions of Tala by the Copra Board.

Though new to the Department of Land and Survey Faumuina Anapapa is not new to Cabinet. He first served as Minister of Health in 1976-79 and briefly as Minister of Education in 1982.

The most experienced member of Cabinet is Tupuola Efi who served as Prime Minister from 1976-1982 and was Minister of Works in 1970 till 1973. He returns to Works but has the additional responsibilities of Deputy Prime Minister.

Coalition sources say that Tupuola was originally expected to be Deputy Prime Minister and Minister of Finance and right up until last Saturday was to be so named. This plan was supposedly changed at the last minute because of Tuigamala's influence.

The same sources say also that Fassootauloa, "as leader of the third group" in the Coalition was always in the running for a senior ministry as was Le Tegaloa Pita, the leader of the "Independent Party."

It was because of this need to keep everybody happy that accounts for the apparent imbalance in the makeup of the Cabinet, the sources said.

While it may lack balance in geographical representation, one thing the new Cabinet does not lack in is experience. The six members who have been in Cabinet before have more than a total of 26 years of Cabinet experience.

With three of the longest serving Members of Parliament in Vaai, who is serving his seventh consecutive term, Tupuola who is in his sixth (plus two years as Tufuga in 1964-66) and Fuimaono, also in his sixth consecutive terms, in it the new Cabinet has nearly 100 years of parliamentary experience behind them.

In age the new Cabinet has the oldest man in the House, Vaai, who's just six weeks short of 75, and the second youngest MP, George Lober, 39. Vaai and Fuimaono are the only two over 50 and the new ministers have an average of 48.

The new ministers were sworn in on Monday and are having their first Cabinet meeting today.

/9317  
CSO: 4200/616

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

LETTER WRITER DESCRIBES CONFLICTS IN COALITION

Bangkok THE NATION in English 24 Jan 86

[Text]

Dear Sir,

In the current debate on the leadership of Mr Son Sann, President of the KPNLF faction, there are concrete and convincing factors that Mr Son Sann must realize that his performance vis-a-vis Cambodian politics is not up to the level required for the common nationalist cause of the Cambodian people. The Cambodians see Son Sann's KPNLF more or less as a business organization rather than a nationalist organization exercising the nationalist struggle to liberate Cambodia from the Vietnamese communist invaders. To my understanding, Mr Son Sann did not contribute much to the national spirit, he spent most of his time directly competing and insulting his partners in the Coalition Government.

In contrast, HRH Prince Norodom Sihanouk, President of the National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia and Head of State of Cambodia, has consistently moved toward finding a solution for an integral and global victory of the people of Cambodia and for an independent and peaceful Cambodia. Prince Sihanouk, to the best of my knowledge, has continuously and consistently spoken not just for his own party (FUNCINPEC) but also for the benefit of his partner (Mr Son Sann's KPNLF). Mr Son Sann may not realize or perhaps neglect the nationalist aspiration and the deep attachment to Samdech Norodom Sihanouk of the Cambodian people, these two factors are very sensitive and affecting the survival of KPNLF.

The late self-nominated President of the collapsed Khmer Republic deliberately ignored the nationalist strength of the Cambodian people and their loyalty to Samdech Norodom Sihanouk. Cambodians all over the country also call the Prince "Samdech Euv." The word Samdech Euv, in Cambodian term, is very touchy and meaningful in deed. Its meaning is born out of the Cambodian mind, this will never be erased and it has been the centre of the Cambodian social life.

Lon Nol ordered the shooting of Samdech Euvists in every corner of the capital city, but his act served only to effect the destruction of his own regime and Cambodia. Hundreds of thousands of Cambodians were a brave enough to face the unjust Lon Nol's firing squad. It was impossible mission for Lon Nol. He was never able to totally eliminate Samdech Euvists. Mr Son Sann himself witnessed this preliminary holocaust. Pol Pot came in holding power in Cambodia, and considered Samdech Euvists as his enemies; he immediately purged Samdech Euvists but his plan could not be realized.

Americans were too arrogant vis-a-vis Cambodia at that time. They are master and architect of democracy but they did not respect the democracy of Cambodia. They deliberately abused the Cambodian democracy by helping a small group of money-hungry people to conduct a coup d'etat against Prince Sihanouk, the overwhelmingly elected leader of Cambodia. This act did not serve the American interest but it only contributed to the cause of the American political hatred of the Cambodian people.

Samdech Norodom Sihanouk is the main star-factor contributing to the survival of Mr Son Sann's front. The Cambodian will never rely on Mr Son Sann; he does not speak fluent Cambodian but very well in Vietnamese language, how can he convince people of Cambodia to follow him? I believe he has no hope to achieve his aims without a firm political support from Prince Sihanouk. He must genuinely get closer to Prince Sihanouk as the leader of the Coalition Government and the true-and-unique leader of the Cambodian people for the common struggle to liberate Cambodia from the Vietnamese communists.

The Khmer Rouge are very cunning and smart. They are politically begging for support from all partners. But beware of Heng Samrin. He is very cunning and smart too. He has issued an invitation to Prince Sihanouk to join him but this is too late. A quadripartite Coalition Government proposed by Prince Sihanouk is inevitable. It will happen sooner or later.

I trust Mr Son Sann is well aware of all the facts of the Cambodian politics. So please Sir (Mr Son Sann), you must listen and be obliged to respect the will of the Cambodian people. You must not liberate Cambodians from Cambodia for a third country, you must be obliged to liberate CAMBODIA from Vietnamese armed forces for the sake of freedom for Cambodians and independent for Cambodia. Otherwise, there will be no hope for you to fulfill the so-called People's Liberation Front's objectives.

Yours faithfully,  
**PEN THOUK KARY**  
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/9274

CSO: 4200/632

HEALTH, EDUCATION, AND WELFARE

CARTOON WARNS AGAINST EFFECTS OF TOBACCO

Hanoi QUAN DOI NHAN DAN in Vietnamese 11 Dec 85 p 2

[Cartoon]



82mm mortar gunner: What do you think  
the range of this pipe is?

CSO: 4209/276

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